

IN THE COUNTY OF RUSSELL

VIRGINIA DEPARTMENT OF MINES, MINERALS AND ENERGY
VIRGINIA GAS AND OIL BOARD

NOVEMBER 16, 2010

APPEARANCES:

BOARD MEMBERS:

MARY QUILLEN - PUBLIC MEMBER AND SUBSTITUTE CHAIRMAN
BRUCE PRATHER - OIL REPRESENTATIVE
BILL HARRIS - PUBLIC MEMBER
DONNIE RATLIFF - COAL REPRESENTATIVE
KATIE DYE - PUBLIC MEMBER

JIM LOVETT - GAS AND OIL INSPECTOR STANDING IN FOR DAVID
ASBURY

SHARON HAGY - STAFF MEMBER OF THE DGO

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MARY QUILLEN: Folks, it's 9:00 o'clock. If we'll come to order, please. The Board members will introduce themselves. Mrs. Dye.

KATIE DYE: Good morning. I'm Katie Dye. I'm a public member from Buchanan County.

SHARON PIGEON: I'm Sharon Pigeon with the office of the Attorney General.

MARY QUILLEN: Mary Quillen, a public member filling in as Acting Chair for Butch Lambert.

BRUCE PRATHER: I'm Bruce Prather. I represent the oil and gas industry on the Board.

DONNIE RATLIFF: I'm Donnie Ratliff representing coal.

BILL HARRIS: I'm Bill Harris, a public member from Wise County.

MARY QUILLEN: Just a couple of announcements. The Board for December will be December the 14th. Because of the holidays, it has been moved back one week. So, you might want to mark that on your calendar. Okay, we will hear public comments and because this is a fairly short meeting, we will be timing you and please observe the two minute rule...your comments. There is not a question and answer period. It is a comment. Catherine Jewell?

JUANITA SNEEUWAGHT: I believe she has not arrived yet, Madam Chairman.

MARY QUILLEN: Juanita Sneeuwaght.

JUANITA SNEEUWAGHT: Okay. I relinquish my two minutes to Mary Kelly.

MARY QUILLEN: Kathy---.

JUANITA SNEEUWAGHT: Savage.

MARY QUILLEN: ---Savage.

JUANITA SNEEUWAGHT: She relinquishes her two minutes to Mary Kelly.

MARY QUILLEN: Mary Kelly. Mary Kelly.

MARY KELLY: Yes.

MARY QUILLEN: Oh.

MARY KELLY: I'm a little slow. Hello, ladies and gentlemen. My name is Mary Kelly. I live in the Hurricane section of Wise County. There is proposed for horizontal wells in my area in the Hurricane section.

I'm a retired social worker having worked in Kentucky and Wise County. I'm an AARP volunteer. I'm an advocate on the National Team. I'm a Congressional Team Leader. I'm also a State Legislative Specialist for the State Team. As part of that duties, I'm required to become members of local advocacy groups and see where I can help with the problems that they are

experiencing. Since I have experienced many of those problems, you know, I understand. I'm a Board member of the Clinch Coalition. I'm a member of SAMS, Appalachian Voices.

But my reason for today is that I am very concerned. What I have been dealt is a very harsh hand. It involves, of course, first the strip mining. And what I have been told and I have investigated their records and I have numerous letters from...which includes Sharon Pigeon, Bradley Butch Lambert, I think I gave the Board a packet when I was here the first time, I just dropped it by, and all others. In those letters, it is clearly stated that a USGS map, and this is I understand from Phil Fields the engineer for the Gas and Oil Board, they use these USGS maps as a base map. What I have been told by the Department of Mines and Minerals and, of course, OSMS had oversight on that, is that that supercedes the Virginia Code, the Federal Law Smacker and the Constitution. I would just like to show you this map. Yesterday I talked with the people from the USGS again. When I first brought this up to the attention of Rick Boucher, he assured me that he would arrange a meeting with the Department of Mines and Minerals OSM and USGS, and they clearly state that this

has no legal standing. But yet what they have done is put Pole Bridge over here and they say, hey, we did a photo interpretation only in 1977 and we put this strip mine operation...active strip mine operation. This is a residential area that they put, and according to Mike Abbott, there is no variance for a listing...a residential area as an active strip mine. When I went to very recently to find out some of the details, not only did they list this as one...two operations, there was at least twenty different operations using this one map showing my land as a coalhaul road. The photo interpretation, right here it is (inaudible). You can see that very well. The roads came from Redline Road. But just because an error was stating this was Coal Bridge Road...I mean, people I have to go to Washington and everywhere else and they say, are you people still not smart down in that area? I say, yes, ma'am, that's right. I guess...because I cannot...I cannot, I mean, imagine why you violate the laws in such a manner. What I did...of course right here we have one of the best GIS systems around subjected to none because our County Clerk Jack Kennedy got NASA grants. And as you can see right here, what the surveyors did the engineers they signed off that there was a four lane road going over

this hidden highwall for sludge pond. A man that I knew, I worked with his mother, Roger Cox, went over that. He come to my home all bloody because according to the mining maps there was a road. Well, they said we didn't use your land. We didn't show it. There it is plain as day. According to USGS map and the people at USGS, they informed Senator Webb and Congressman Boucher that they used reliable sources for their data. Well, what they quoted was the Tigerland Center Database in Maryland.

MARY QUILLEN: Ms. Kelly, you have two minutes to summarize what you're...the rest of your presentation. Thank you.

MARY KELLY: Thank you. Maybe someone else will grant me another minute. But anyway water, reclamation...I have a pending request for a formal hearing at DMME. It has been there since June. Now, it's a situation where my husband has a recurrence of his '79 mining accident injury. My son has a broken rib. I have been trying to help. We're at the state that, you know, we need help. For them to continue and Ms. Pigeon there to say that hey I've got other things to do, well, it should that my formal hearing request, which was denied before the bond was released before and

they knew about it. They came and did the pictures. This is reclamation. This is what...if the companies are doing the same thing to the people that the Department of Mines is allowing the strip mining companies to do and leave no water there...make sure there's no permanent water, and here's a sample of the water. This is Dale Branch.

MARY QUILLEN: I'm sorry. But your time is up. Is anyone else relinquishing their time to Ms. Kelly? Mr. Counts?

MR. COUNTS: Go ahead.

MARY QUILLEN: Okay.

MARY KELLY: Thank you, Mr. Counts. And I want to show you what DMME approved as a coalhaul road. This is farm land here. You can see the malt here right in the place that they said was a coalhaul road. She has got a big white ribbon there. Here it is. Here is a copy of one the engineer's reports. I'm sure everyone of you all know him. Here is his seal on there. On the other one, that pond that was there that they put road over across, he put it in three different locations. What the Department of Mines and Minerals told me was that we couldn't the water released if a pond was here. We couldn't get water released...grass released if the

pond was where it was at. So, you have a pond skipping. Like I said, when you look into this, Pointly Road didn't go across this high wall. It didn't go all the way to the Redline Road. Redline Road came to the mining site.

Another thing that I want to briefly mention, it's not only...it's the right of the people. Lucy Whitley owned twenty-nine acres and a two story house. Thanks to Mike Abbott, I was able to go through the records. The pre-inspection report showed that the private state land owners own that twenty-nine acres. They did not...the coal company didn't the surface land. They didn't own the coal rights. But yet this woman was taken out of her home and put in a little box trailer. So, I think it's time that people got together and done something because it is a mess. We need to be able to look at the gas and oil Board's deeds and leases. I've been told by the Department of Mines and Minerals they're not required. I've checked the record. The only thing required is a notary statement from either the gas company owner or the coal owner and the mining surveyors or the engineers.

So, thank you for time. I appreciate Mr. Counts and Mrs. Juanita Sneeuwaght giving me the time to

speaking. We do have a problem. We need to work together. It's not a republican issue. It's not a democratic issue. I've worked closely with the Virginia General Assembly. I will continue to advocate for them to listen to us and to get things done. We don't...no longer need to be victims. People in the oil and gas Board need to be looking not only at this scene that I was given, which shows nothing about landownership. People need to look first at those permit applications.

MARY QUILLEN: Thank you so much.

MARY KELLY: Thank you.

MARY QUILLEN: Karen Anstey.

KAREN ANSTEY: Yes. Good morning. My name is Karen Anstey. I am referencing numbers twenty-three through twenty-eight. My husband and I own seven and a half acres on top of Gum Hill.

MARY QUILLEN: Could I just interrupt you just for a second? Items twenty through twenty-eight have been carried forward to December. We would like to...you know, to have your comments, but just wanted to make you aware that those items have been carried forward.

KAREN ANSTEY: Oh, all right. Very good. I was approached by a gentleman by the name of Gus Sorrenson,

I'm sorry he...I don't see him in the room, about leasing our property. I have no problem with them leasing our property. The problem that I had was that I had three specific requests that they honor. When Gus came back the fourth time, I said to him, "Gus, I told you the last time you were here what I wanted and I would sign the lease." I said, "Are you telling me I have to accept the lease the way that it's written?" He said, "No." He said, "There are other ways to do it." I looked him directly in the eye and I said, "Are you talking about the Virginia Law that allows you to pool my property?" to which he did not answer me. Now, the points that I want to make, number one, if my understanding of the law is correct, he should approach me five times. He did not. Now, he was there numerous times and left little business cards that he was there, but my husband and I were not home. I physically saw him four times and it was on the fourth occasion that I had the interaction with him. Number two, he never had the curtesy to come back with a yay or a nay. Mid-late September I get something from a law firm saying that they were going to pool our land. So, my request is this that the Board make Southeast Land and Minerals adhere to the law and try to negotiate with me. I don't

think that my demands are unreasonable. This was an investment that we wanted for our future and for our children. I guess, that's it.

MARY QUILLEN: Thank you. Would you be willing to come back next month since these items are carried forward?

KAREN ANSTEY: Yes. Yes.

MARY QUILLEN: And that is on December the 14th.

KAREN ANSTEY: That's fine.

MARY QUILLEN: Thank you so much for coming.

KAREN ANSTEY: Thank you kindly.

MARY QUILLEN: Fred Presley.

SHERRY PRESLEY: I'm not Fred Presley, but I'm Mrs. Fred Presley. My husband has had a stroke and it's very difficult for him to talk.

COURT REPORTER: I need your first name, ma'am.

SHERRY PRESLEY: My name is Shirley Presley.

COURT REPORTER: Thank you.

SHERRY PRESLEY: We received this notice where CNX wants to drill another well. What we really wanted was more information because all we've ever received is just this notice. So, we basically wanted more information on it. I guess, we really can't say we object or approve until we get the information. But I

just wanted to reserve the right for him to say something if...when we get the other information that we can object if we want to.

MARY QUILLEN: Okay. Is this an item that's on the agenda today?

SHERRY PRESLEY: I can't find it listed here, but we were told that it was going to be here on November the 16th, but I can't find it listed on this agenda.

MARY QUILLEN: Could you---?

DONNIE RATLIFF: Let Jim look at it and see---.

MARY QUILLEN: Could you let them look at your---?

SHARON PIGEON: Anita seems to have---.

MARY QUILLEN: Anita?

ANITA DUTY: Those were the items that were automatically continued by the Board and, I guess...I mean, the owners don't get notified of that. So---.

MARY QUILLEN: Oh. So, is it on the December docket?

ANITA DUTY: I'm assuming it will be. I mean, that's...we filed it for November, but it was automatically continued. So---.

MARY QUILLEN: Okay. So, could you all let them

know when the agenda...when the item is going to be on the agenda?

ANITA DUTY: I think that's more their office because we don't know. We filed it for November.

SHARON HAGY: It will be our office.

ANITA DUTY: And I think---.

SHARON HAGY: I don't have the docket book with me, but I can check on that for her and let her know.

MARY QUILLEN: Oh, that would be great. That would be great. They will let you know that that was one of the items that was...that the Board carried forward---.

SHERRY PRESLEY: Okay.

MARY QUILLEN: ---for December.

SHERRY PRESLEY: Thank you.

MARY QUILLEN: Thank you so much. Catherine Jewell?

(No audible response.)

MARY QUILLEN: I guess she's not here. The public comment session is closed.

(Sharon Pigeon confers with Mary Quillen.)

MARY QUILLEN: Senator Puckett, did you wish to address the Board?

SENATOR PHILLIP PUCKETT: No, I'm just here.

MARY QUILLEN: You're just here. Very good.
Glad to have you here. Thank you.

SENATOR PHILLIP PUCKETT: Thank you.

MARY QUILLEN: Just a couple of items that... some housekeeping that we just mentioned earlier, for anyone that is here that...that is here for item number twenty-three on the docket. It's...these items are going to be...have been carried forward to the December meeting at the request of Yarborough Law Firm...Jonathan Yarborough. It's docket item number VGOB-10-1019-2837 carried forward until December. Item number twenty-four, docket number VGOB-10-1019-2838, carried forward to the December docket. Item number twenty-five, docket number VGOB-10-1019-2839, carried forward to the December docket. Item number twenty-six, docket number VGOB-10-1019-2840, carried forward until December. Item number twenty-seven, docket number VGOB-10-1019-2841, carried forward to the December docket. Item number twenty-eight, docket number VGOB-10-1019-2842, carried to the December docket.

DONNIE RATLIFF: Madam Chair.

MARY QUILLEN: Mr. Ratliff.

DONNIE RATLIFF: Is there anyone from Southeast here?

MARY QUILLEN: Apparently not.

DONNIE RATLIFF: Okay.

JIM KAISER: Madam Chairman, if it will help---.

MARY QUILLEN: Mr. Kaiser.

JIM KAISER: If it will help with any of the folks that are here, item number thirteen, EQT intends to withdraw that petition.

MARY QUILLEN: Thirteen withdrawn?

JIM KAISER: Yes, ma'am.

MARY QUILLEN: Okay. EQT withdrawing item number thirteen, docket number VGOB-10-1019-2828 has been withdrawn. Any other housekeeping?

(No audible response.)

MARY QUILLEN: Okay. We will go to agenda item number two. We will receive the report from the escrow agent First Bank & Trust regarding our investment options.

DEBBIE DAVIS: Good morning.

MARY QUILLEN: Good morning.

DEBBIE DAVIS: My name is Debbie Davis. I'm with First Bank & Trust Company. I'm the trust officer.

KAREN MCDONALD: Good morning. I'm Karen McDonald the trust investment officer.

MARY QUILLEN: Good morning. Welcome.

DEBBIE DAVIS: We thank you for having us back to discuss the investment modifications that we had discussed last month. I did want to give you all a quick update on the escrow account of moneys that had came in during the month of October. That is listed on page eighteen. We had working interest deposits of \$3,885.26 and royalty deposits of \$167,215.00. We did make distributions during the month of October of \$170,248.72. We also paid out the billing on the audit cost that was directed by the Board of \$28,276.99. We had an ending market value of \$26,268,957.49. Do you all have any questions pertaining to any of those?

BILL HARRIS: Madam Chairman, let me just ask a quick question. The section in green on page eighteen there.

DEBBIE DAVIS: Yes.

BILL HARRIS: It says, "Do not accept moneys from these wells." Could...what's happening here?

DEBBIE DAVIS: Those...the last six---.

BILL HARRIS: Yes.

DEBBIE DAVIS: When those were brought forth from Wachovia there was questions on exactly where these moneys belong. That is something that David and Diane have been working on to try and work out. There are two

other greens on page number two and three where the orders have expired. The producers have not brought those back before the Board to continue.

BILL HARRIS: Okay, thank you.

DEBBIE DAVIS: So, that kind of helps me and also David and Diane to know---.

BILL HARRIS: Yeah. To keep track of everything, yeah.

DEBBIE DAVIS: ---those are the ones that need to be worked on.

MARY QUILLEN: And they are where, which producers these are that need to be...to bring those---?

DEBBIE DAVIS: I'm assuming so.

MARY QUILLEN: Okay. So, those orders need to come back to the Board for disbursement then, is that correct?

DEBBIE DAVIS: I would assume. I'm not for sure what the original orders were.

MARY QUILLEN: Okay.

DEBBIE DAVIS: They actually...this was discovered when they came over from Wachovia that the orders had expired.

MARY QUILLEN: Okay. Okay.

DEBBIE DAVIS: So, I've just made note of it---.

SHARON PIGEON: These are not necessarily items for disbursement.

MARY QUILLEN: Oh, not necessarily items for disbursement.

SHARON PIGEON: Almost certainly not disbursements. These are just items where the well may have become part of a gob unit or something has changed---.

MARY QUILLEN: Okay.

SHARON PIGEON: Money shouldn't go into this account.

DEBBIE DAVIS: Right.

MARY QUILLEN: Okay. And Diane and David are aware of that?

DEBBIE DAVIS: Yes.

MARY QUILLEN: Okay.

DEBBIE DAVIS: Yeah. They were actually the ones that had informed me that those orders have expired and to please not accept moneys.

MARY QUILLEN: And these last ones are the ones that were the Wachovia ones that---?

DEBBIE DAVIS: Yes. I'm assuming so.

MARY QUILLEN: For some reason they are not the correct accounts or whatever?

DEBBIE DAVIS: Yes. I think there were questions...as you will see, the docket numbers are kind of strange.

MARY QUILLEN: Uh-huh. Yes. Yes.

DEBBIE DAVIS: So---.

MARY QUILLEN: Yeah, they are.

DEBBIE DAVIS: ---I think research is being done on those, to my knowledge. I was just instructed not accept moneys if they came in.

MARY QUILLEN: Okay. Thanks. I appreciate that.

KAREN MCDONALD: Behind the next tab, I have a list of the current investments, page one of one, as of October the 31st and you will see that we have \$784... \$7,840,000 invested in CEDARS at the end of October and the dollars invested are about eighteen and a half million in the interest bearing account. So, that is an update as of October the 31st.

Behind the next tab, we had a discussion at our last meeting regarding potential further investing. The Board has authorized us to purchase CEDARS through December the 31st. The question came up with regard to how much cash we needed to have on hand for distributions and it was mentioned history has been two

to three or four million. So, I have set forth a proposal that the Board received prior to the meeting that shows for the remainder of this year, which basically is the month of December, we're recommending not only the purchase of one CEDARS for six months and...or one block for six months and one block for twelve months. But an additional block for the December twelve month and six month CEDARS to increase our return and to make good use of the funds that are there in escrow. So, what this page one of this proposal is suggesting is essentially doubling the original approved investment with the 50 basis points for the six month CEDARS and the 65 basis points for the twelve months.

MARY QUILLEN: Okay. And this is still going to leave us with that ability to pay out these disbursements that---.

DEBBIE DAVIS: With this in mind of making this extra, we would still have an estimated dollars not accounting additions of over \$12,000,000.00 in cash in the interest bearing account.

MARY QUILLEN: Okay. Okay.

KAREN MCDONALD: So, I have...I've made an effort to break out the cash equivalence interest bearing account by month to show the change in balance

as we purchase CEDARS. I felt that was a little more accurate than what had done previously. So, that is one reason that we wanted to be in front of the Board this month to suggest making that additional investment for the month of December. Then page two is suggesting to the Board activity for January, February and March. Again, just a suggestion. But the colors highlight, for example, the certificates of deposit, the one that is maturing January the 7th, we would reinvest that for another six months and make an additional six month investment of \$980,000.000 in CEDARS. Then in the yellow further down the page, we would purchase \$980,000.000 for a twelve month CD. This is all activity that has not been approved by the Board, but we're suggesting that it be followed in order to obtain a fully invested position.

MARY QUILLEN: Right. And---.

DEBBIE DAVIS: And that would give us an estimated dollar balance left in our interest bearing account of \$6,691,066.85. That's not taking into consideration any new moneys being deposited. These is just the balance as of the end of October.

BRUCE PRATHER: That interest bearing account, we would have access to that at any time wouldn't we---?

DEBBIE DAVIS: Yes.

BRUCE PRATHER: ---if we needed it?

MARY QUILLEN: Yeah.

DEBBIE DAVIS: Yes.

BRUCE PRATHER: Okay.

DEBBIE DAVIS: And plus we would still be continuing, you know, maturities---.

BRUCE PRATHER: Yeah. Okay.

MARY QUILLEN: Yeah. As each of these mature, you're investing in another one both on the six month and the twelve month intervals, is that correct?

DEBBIE DAVIS: Yes.

KAREN MCDONALD: Yes. For this...for January through March, we only have six month CDs maturing.

MARY QUILLEN: Right.

KAREN MCDONALD: And so we are suggesting reinvesting those for another six months and then following the same pattern of a six month and twelve month block in addition to that being invested to bring us to a more fully invested position by the end of March. This could be adjusted at any time. We would take written instruction from the Board. We could do it for December and January and reevaluate it at our meeting in January. But I wanted to show you a

systematic investment strategy to get us to that reasonable cash balance.

DEBBIE DAVIS: And plus it would be earning additional moneys monthly by having the higher interest rates.

MARY QUILLEN: And we do have one on that...for December the 7th that it's going to double the investment or the...yeah.

KAREN MCDONALD: That's...that's our suggestion to accelerate the investment.

MARY QUILLEN: In December for both the six month and the twelve month, it's a double---?

DEBBIE DAVIS: Yes.

KAREN MCDONALD: Yes.

MARY QUILLEN: And then coming over into the first quarter---?

DEBBIE DAVIS: We would actually...instead of just purchasing \$980,000.00 for a six month and twelve month, we would do the \$1,960,000.00 for a six month and a twelve month.

MARY QUILLEN: Okay. And then this is still going to give us that \$6,691,000.00 for---?

KAREN MCDONALD: After all of this activity has been accomplished, then at March the 31st that would be

our balance and then we would continue to have CEDARS maturing even after that. So, you're immediately replenishing your cash. As Mr. Harding said, if there were an extremely unusual cash need, First Bank---.

MARY QUILLEN: Right.

KAREN MCDONALD: ---would be willing to provide the funds where the CEDARS is locked up for thirty days or sixty days more than you could handle.

MARY QUILLEN: Okay.

DEBBIE DAVIS: And thought just doing the first quarter, you know, and then we could address---.

MARY QUILLEN: Yeah. And then look and reassess at the beginning of the second quarter.

DEBBIE DAVIS: Right.

KAREN MCDONALD: Right. So, that is our proposal to the Board with the written instruction from the chair to move forward. We do have time. We do purchase our CEDARS at the beginning of each month. So, we've got almost two weeks before we would need instruction for December. But we would like the Board to consider this.

MARY QUILLEN: And Butch will be back in time. I mean, he will be able to do that if the Board so chooses. Questions from the Board?

DONNIE RATLIFF: Madam Chair.

MARY QUILLEN: Mr. Ratliff.

DONNIE RATLIFF: The December investment has already been approved, right?

DEBBIE DAVIS: No, it has not.

MARY QUILLEN: No. Unh-huh.

KAREN MCDONALD: Only half.

DONNIE RATLIFF: Okay.

KAREN MCDONALD: Only half.

DONNIE RATLIFF: All right.

KAREN MCDONALD: We were doing \$980,000.00 in two blocks. So, we would need---.

DONNIE RATLIFF: Are you ready for a motion?

MARY QUILLEN: Any other questions?

(No audible response.)

MARY QUILLEN: Okay. Do I hear a motion?

DONNIE RATLIFF: I move that we increase the December investments on the six month and the twelve month and that we accept Ms. McDonald's recommendation on January, February and March on the investments on the CEDARS.

BILL HARRIS: Second.

MARY QUILLEN: Okay. And a motion and a second.
Any questions?

(No audible response.)

MARY QUILLEN: All those in favor, respond by saying yes.

(All members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: Approved.

KAREN MCDONALD: Thank you very much.

BRUCE PRATHER: She will get that in writing want she?

MARY QUILLEN: Yes. And Mr. Lambert will send a written statement to them of the Board approval for these investments, correct?

SHARON HAGY: Yes.

MARY QUILLEN: Thank you so much.

DEBBIE DAVIS: Thank you all.

MARY QUILLEN: Thank you. I appreciate you coming in.

DEBBIE DAVIS: I assume we will...do you all need us back next month or January. Normally, we would---.

KAREN MCDONALD: Do quarterly.

DONNIE RATLIFF: I think January.

MARY QUILLEN: I think January probably since we

have approved everything that's going to, you know, go through that first quarter. But if for some reason that Mr. Lambert thinks that we do then he---.

DEBBIE DAVIS: Just let us know.

MARY QUILLEN: ---can be in touch with you and let you know. But right now, I think probably the first quarter, the January meeting.

BILL HARRIS: Madam Chairman, just a quick question. There is one other tab that was not addressed. Did you all want to talk about that?

DEBBIE DAVIS: Oh, that was the pricing of the---.

KAREN MCDONALD: Oh, yes. Yes. We wanted to maintain communication with you on how Treasurers are performing. So, the...it's...there really has not been a significant change in the fifty-two week Treasury that is being offered. It's twenty-three basis points for a one year commitment. So, again, we like to show that the interest bearing twenty-five basis point account that's fully liquid is still to your advantage. There are a lot of irregular things happening in the fixed income market at the moment. So, we will continue to monitor that. Thank you.

MARY QUILLEN: Any other questions?

(No audible response.)

MARY QUILLEN: Thank you so much.

DEBBIE DAVIS: Thank you.

KAREN MCDONALD: Thank you.

MARY QUILLEN: The next item on the agenda, number three, docket item VGOB-95-0418-0503-02. All those wishing to speak to this item, please come forward and be sworn in.

MARK SWARTZ: Mark Swartz and Anita Duty.

(Anita Duty is duly sworn.)

ANITA DUTY

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, could you state your name for us, please?

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And with respect to your duties and your job there, how do they pertain to this petition today?

A. We prepared the petitions to release the

funds from escrow.

Q. And with regard to this, we're talking about which drilling unit?

A. W-31.

Q. Okay. And is this disbursement going to zero out the escrow accounts or is it a partial?

A. A partial.

Q. Okay. And have you identified...what tracts are you talking about?

A. Tracts 2, 3, 4, 5, 8 and 12.

Q. Okay. And the reason for the disbursement request is what, a written split agreement, is that true?

A. Yes.

Q. And have you reviewed that agreement?

A. I have.

Q. And what are the terms?

A. 50/50.

Q. Okay. And have you prepared an exhibit which would address the 50/50 disbursement that the Board and the escrow agent could use to make the disbursement?

A. Yes.

Q. Okay. And is that the last page of your

petition?

A. It is.

Q. In order to do this, did you review your payment records...meaning the operators payment records and compare those to the escrow agent's deposit records?

A. I did.

Q. Did you do that as of a specific date?

A. It was July the 31st, 2010.

Q. Okay. And when you made the comparison, did you find that the escrow agent had accounted for all of the payments that you had made?

A. Yes.

Q. And were you able to then look at the deposits that were made and relate them to payments that you had made as well, you were going to check at both directions?

A. Yes, we were.

Q. And when you did that were they completely consistent?

A. Yes.

Q. Okay. These...this escrow disbursement is actually gob well production money, correct?

A. Yes, prior to the area being sealed.

Q. Okay. And also some production before

it was sealed. So, during and before?

A. It's just before...before it was sealed.

Q. Just before it was sealed?

A. Yes.

Q. And so with regard to...we've got two requests here. We're actually asking for the disbursement from the escrow account to the people that you've identified on Exhibit A, but we're asking for direct payment of royalties as we normally do, right?

A. Yes.

Q. But that direct payment of royalties will actually come out of...to these people, will actually come out of something that is on a later docket that will come out of the sealed gob?

A. Yes.

Q. Which will...which we will eventually get to today. It's a couple of docket items down. So, it's slightly different.

A. Yes.

Q. So, in that regard, we are requesting that the order allow the disbursement requested on Exhibit A to the folks listed on Exhibit A from the existing escrow account, but then to allow them to be paid royalty directly out of the Buchanan Number 1

sealed gob unit?

A. That's correct.

Q. Okay. There's a slight wrinkle there. With regard to the comparison that you did and the balances on July the 31st, 2010, what was the total amount in the escrow account at that point?

A. \$67,113.15.

Q. Okay. And if we look at the proposed dollars to be disbursed, obviously, it's less than that?

A. Yes.

Q. Okay. Have you provided on the left hand column or in the left hand column on Exhibit A the names of all of the folks that are going to be receiving disbursements?

A. Yes.

Q. And then in the second column from the right, have you provided their 50% interest percentage?

A. I have.

Q. Okay. And when the escrow agent makes these disbursements, are you requesting that they use the percentages that you've supplied and apply those to the amount on deposit at the time the disbursement is made?

A. Yes.

Q. Okay. With regard to Tract 2, you're proposing a disbursal to coal mountain mining and CNX Gas, is that correct?

A. Yes.

Q. And what percentage should the escrow agent use for both?

A. 0.7935% for each.

Q. And then with regard to Tract 3, Unicon Pocahontas Coal Company, Buchanan Coal Company, Salyers Pocahontas Coal Company, Plum Creek and Donald Short, et al, right?

A. Yes.

Q. Okay. For the coal owners...the coal claimants first, what percentages should the escrow agent use?

A. For Unicon Pocahontas, it should be 2.7934%, Buchanan Coal Company 0.6208%, Salyers Pocahontas 0.3104%, Plum Creek Timberlands 1.8623%.

Q. And for the oil and gas side of the split agreement?

A. 5.5868%.

Q. And that would be Donald Short, right?

A. Right.

Q. Tract 4, the parties and the

percentages?

A. Coal Mountain Mining 2.0799% and CNX Gas Company 2.0799%.

Q. Tract 5?

A. Unicon Pocahontas Coal Company 5.5004%, Buchanan Coal Company 1.2223%, Salyers Pocahontas Coal Company 0.6112%, Plum Creek Timberlands 3.667% and Donald Short, which would be a total of the coal numbers, 11.0009%.

Q. Okay. Tract 8?

A. Coal Mountain Mining and CNX Gas Company should both receive 0.0704%.

Q. And, finally, Tract 12?

A. Coal Mountain 15.935%, Matthew Baldwin 7.9675% and Amanda Baldwin 7.9675%.

MARK SWARTZ: That's all I have of this one, Madam Chairman.

MARY QUILLEN: Any questions from the Board?

(No audible response.)

MARY QUILLEN: You may continue.

MARK SWARTZ: We're done.

MARY QUILLEN: Okay. Do I hear a motion?

DONNIE RATLIFF: Move to approve, Madam Chairman.

BRUCE PRATHER: Second.

MARY QUILLEN: We have a motion and a second.
All those in favor, respond by saying yes.

(All members signify by saying yes, but Katie Dye.)

MARY QUILLEN: Opposed, no.

KATIE DYE: Abstain.

MARY QUILLEN: You have approval with one abstention, Mrs. Dye. The next item on the agenda is item...number four, docket number VGOB-01-0918-0923-01 and a second disbursement petition under the docket number VGOB-01-0918-0923-02. All those wishing to speak to this item, please come forward and be sworn.

MARK SWARTZ: Mark Swartz and Anita Duty.

MARY QUILLEN: You may continue.

MARK SWARTZ: Just an introduction to sort of get you all focused with regard to this. This disbursement request was precipitated by a conclusion of a Court case. Obviously, that took a while. This was pooled back in 01. So, the unit has been in existence for quite some time. At the moment, it is a 100% leased. So, if we were starting over today, we wouldn't even be in front of you because we have a 100% of the interest leased, okay. If you look at Exhibit B-3 in

the packet that we have provided, the little tiny piece that's not coming out of escrow is Hugh McRae and Blankenship. It's 0.7250% of the unit. All the other funds and owners are being disbursed if this request is approved. The folks listed on Exhibit E were omitted by mistake from a resolution in the Court order, okay. So, we're anticipat...Anita is anticipating that probably sometime after the first of the year we'll be back to get that little bit out and the escrow can go away because those folks are actually leased as well. So, it's kind of a housekeeping moment to get almost all of the money out of this escrow account and then we're going to be back here. Unfortunately, the Court order just...it mentioned the man, but it didn't...didn't finish the job. So, we'll be back, you know, to do that. So, to put this context for you I thought it might be helpful. And then let me move to Anita, unless there's some questions with regard to the posture of the case at the moment.

MARY QUILLEN: Okay. So, that's the only...only ones that are not listed on this Exhibit A-1?

MARK SWARTZ: Correct.

MARY QUILLEN: Okay.

MARK SWARTZ: Correct.

SHARON PIGEON: Mark, who's actually taking care of the...getting the order corrected?

MARK SWARTZ: Do you remember the lawyers?

ANITA DUTY: It's Allan Stratton & Associates from like Wytheville or...I'm not sure.

MARK SWARTZ: Right.

ANITA DUTY: Radford.

MARK SWARTZ: Okay. Anything else before I---?

MARY QUILLEN: Any other questions from the Board?

(No audible response.)

MARY QUILLEN: You may continue.

ANITA DUTY

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, this then a request for disbursement and I'll just ask you to state your name again.

A. Anita Duty.

Q. And you work for CNX?

A. Yes.

Q. Okay. And with regard to this application, you're the person who shepherds changes in percentages and acreages and also disbursements through the process, correct?

A. Yes.

Q. And, in fact, you signed the notice of hearing and the application here?

A. I did.

Q. Okay. With regard to the boundaries and tracts here, are the percentages that are being revised partly the result of splitting some pre-existing tracts?

A. Yes.

Q. And are they also in some small measure the result of some line issues?

A. Yes, partly.

Q. In a very small way?

A. Yes.

Q. And so did you internally at CNX make these revisions so that you were paying appropriate amounts into escrow some distance in the past?

A. Yes, we did.

Q. Okay. So, the escrow account dollars are right, but to come out these percentages have to change?

A. Yes.

Q. Okay. And have you listed the revised acreages and percentages on the tract identification sheet that you filed with this application?

A. I have.

Q. And have you also utilized those percentages and acreage in preparing Exhibit A-1?

A. Yes.

Q. And also in preparing Exhibit B-3, which---?

A. E.

Q. I'm sorry. Exhibit E, which identifies the little bit of money that's going to remain pending modification of the order in Circuit Court?

A. Yes.

Q. Okay. Again, did you go back and look at your...at the operator's deposit or royalty payment records and compare those to escrow agent's records?

A. I did.

Q. And did you do that as of a date?

A. August the 31st, 2010.

Q. Okay. And at that time, what was the total amount on deposit?

A. \$95,338.04.

Q. Okay. And the...when you did the comparison of the payment records of the operator and the deposit records of the escrow agent, were they in balance?

A. They were.

Q. Okay. This escrow agreement or this split agreement is a little different than some that we've seen in the past or at least the order...they must have had an agreement that resulted in an order. It's a little different than what we normally see, right?

A. Yes.

Q. Okay. There are three columns here that you actually need to look at in terms of the order that you would need to issue. If we look at the third and fourth columns from the left hand side of the page, right, the fourth column from the left hand side of the page is Mutter Heirs percent of escrow and you've got 92.5%, correct?

A. Yes.

Q. And then the column just to the right of that is Torch percent of escrow and you've got 7.5%?

A. Yes.

Q. Which presumably would equal a 100?

A. Yes.

Q. Okay. And was the Court order to the effect that of the moneys currently on deposit, the Mutter Heirs would receive 92.5% and Torch would receive 7.5%?

A. That's correct.

Q. And have you done the percentages in columns...the third and fourth columns from the right hand side of the page that should be applied by the escrow agent to make the disbursement from escrow to these people?

A. Yes.

Q. The furthest column to the right is a future payments percentage column, isn't it?

A. Yes, it is.

Q. Okay. And so the order should provide that if this application is approved the operator be allowed to pay the owners identified in the application but using the percentages in the furthest column to the right because Torch will not be receiving future payments?

A. That's correct.

Q. And in that regard then, and we've got quite a list here, so I'm not going to ask you to go one at a time, but I'm going to ask you a more generic

question. With...you've identified the people that should receive payments in the first column on the left hand side of the page, correct?

A. I have, yes.

Q. And for each of those parties, there is...you have addressed the percentages that should be used to calculate their interest coming out of the current escrow account?

A. Yes.

Q. And those percentages, the 7...the 82 and a 1/2% and the 7 and a 1/2% percentages are addressed at columns three and four from the right---?

A. Yes.

Q. ---for each person that was receiving money from the current escrow account?

A. That's correct.

Q. And then in the last column, you have identified the percentages of the people who are to receive royalty payment money in the future and Torch is not among them?

A. That's right.

Q. Okay. And the escrow account here would be required to remain in place with regard...as indicated on Exhibit E with regard to a piece of Tract

1E, correct?

A. With the entire tract.

Q. Of the entire tract of 1E?

A. Yes. Yes.

MARK SWARTZ: That's all I have, Madam Chairman.

MARY QUILLEN: Any questions from the Board?

(No audible response.)

MARY QUILLEN: Okay. You may continue.

MARK SWARTZ: We're done.

MARY QUILLEN: Okay. Do I hear a motion?

DONNIE RATLIFF: Motion to approve, Madam
Chairman.

BRUCE PRATHER: Second.

BILL HARRIS: Second.

MARY QUILLEN: We have a motion and a second.
All those in favor, respond by saying yes.

(All members signify by saying yes, but Katie
Dye.)

MARY QUILLEN: Opposed, no.

KATIE DYE: Abstain.

MARY QUILLEN: Motion approved. One abstention,
Mrs. Dye. The next item on the agenda is number five,
docket number VGOB-96-0116-0533-01. Those wishing to
speak to this item, please come forward and be sworn.

MARK SWARTZ: Mark Swartz and Anita Duty.

MARY QUILLEN: Okay. You may continue.

MARK SWARTZ: Thank you. This is another unit that in the Buchanan 1 sealed...or in the Buchanan Mine sealed gob area number 1. It will...the disbursement will come from the escrow account, but the future payments would come out of the sealed gob unit. I think it's actually the next docket item just to sort of focus you on this. It's like the first one we talked about.

ANITA DUTY

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, you need to state your name for us, please.

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And did you participate in preparing and presenting the miscellaneous petition here and the exhibits?

A. Yes.

Q. In fact, you signed the petition?

A. Yes.

Q. This pertains to what unit?

A. V-31.

Q. Which tracts?

A. Tracts 8 and 9.

Q. And it appears that the escrow account will be required to be maintained even after these disbursements occur?

A. It will.

Q. Okay. And the reason for the disbursement is a royalty split agreement?

A. Yes.

Q. Is this a simple 50/50?

A. Yes.

Q. Okay. Did you make a comparison of royalty payment records with deposit records?

A. Yes.

Q. As of what date?

A. July the 31st, 2010.

Q. And on that square up date, what was the amount on deposit?

A. \$11,719.70.

Q. When you compared the payments that the

operator made into escrow with the deposit records of the escrow agent, were they in agreement?

A. They were.

Q. Okay. And, obviously, when you look at the disbursements here they're less than the \$11,000?

A. Yes.

Q. Okay. And this escrow account is actually for production and royalty before the gob well was...the gob unit was formed, correct?

A. Yes.

Q. Okay. And is it your request that once these escrow disbursements are made to the folks identified on Exhibit A that the operator be allowed to pay those people consistent with the Buchanan seal gob unit number 1 order?

A. Yes.

Q. Okay. Who are the folks that you're requesting the escrow agent pay with regard to Tract 8?

A. Unicon Pocahontas Company and they will be paid 2.9033%, Buchanan Coal Company 0.6452%, Salyers Pocahontas Coal Company 0.3226%, Plum Creek Timberlands 1.9355% and Donald Short would be an addition of all of those percentages of 5.8066%.

Q. Okay. And with regard to Tract 9, who

would receive the money and at what percentages?

A. Coal Mountain Mining 0.422% and CNX Gas Company 0.0422%.

MARK SWARTZ: That's all I have, Madam Chairman.

MARY QUILLEN: Any questions from the Board?

(No audible response.)

MARY QUILLEN: You may continue.

MARK SWARTZ: That's all I have on this one.

MARY QUILLEN: Do I hear a motion?

BILL HARRIS: Motion for approval.

BRUCE PRATHER: Second.

MARY QUILLEN: We have a motion and a second.
All of those in favor, respond by saying yes.

(All members signify by saying yes, but Katie Dye.)

MARY QUILLEN: Opposed, no.

KATIE DYE: I'll abstain.

MARY QUILLEN: Motion is approved. One abstention, Mrs. Dye. The next item, number six on the agenda, a petition from CNX Company for disbursement of funds, docket item number VGOB-98-1117-0697-02. Those wishing to speak to this item, please come forward and be sworn.

MARK SWARTZ: Mark Swartz and Anita Duty.

PETER GLUBIAK: Peter Glubiak for Ms. Kathleen Wade. Madam Chairman, I have Mr. Ralph Keen and his daughter here. They're also on this. I don't know if they're on 50, 51 or 52, but they want to be heard on that issue. I should probably get them a chair. Again, Madam Chairman, I'm here regarding Tract 22 on this docket.

MARY QUILLEN: Okay. You may continue.

MARK SWARTZ: Thank you.

ANITA DUTY

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, could you state your name for us, please?

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And were you responsible for getting this miscellaneous petition filed and shepherding the notice and exhibits and so forth that accompanied it?

A. Yes.

Q. Okay. There reason for this filing is actually two reasons. There was a final order in the Court, correct?

A. Yes.

Q. And there's also some royalty split agreements, correct?

A. That's correct.

Q. Have you reviewed the split agreements?

A. I have.

Q. Are they 50/50 agreements?

A. Yes.

Q. And has your...have you factor that in in the preparation of Exhibit A?

A. Yes.

Q. Have you reviewed the final order that was entered in August of this year?

A. Yes.

Q. And is that reflected in...the terms of that as you understand it reflected in Exhibit A?

A. It is.

Q. Okay. This appears to me to be a partial disbursement of the funds on escrow and the escrow account will be required to be maintained after that, is that correct?

A. That's correct.

Q. Okay. What tracts does this request pertain to?

A. 22, 50, 51 and 52.

Q. Okay. And the drilling unit here is which drilling unit?

A. It's the Buchanan Number 1 sealed gob 1.

Q. Okay. And this is the one that's going to pick up payments for a couple of the units that we spoke of earlier today?

A. Yes.

Q. Okay. Did you get into the payment records and the deposit records to prepare...or to make a comparison and then prepare your Exhibit A?

A. Yes.

Q. And when you compared your payment records to the bank's deposits, what did you determine?

A. They were in balance.

Q. And did you do that as of a particular date?

A. August the 31st, 2010.

Q. Okay. And have you indicated on Exhibit A the folks that we are proposing based on the one hand on the Court order and on the other split agreements the

folks that should receive funds from this escrow account?

A. Yes.

Q. With regard to Tract 22, what's the disbursement request?

A. 15.455% to Ms. Sara Wade.

Q. Okay. And 0 to Torch, correct?

A. 0 to Torch, that's correct.

Q. Okay. And then in the future, you would request that the operator be allowed to pay her directly out of this sealed gob unit?

A. Yes.

Q. With regard to 50, what's the request?

A. Coal Mountain Mining 0.2127%, Elizabeth McCowan Justice 0.2127%.

Q. Tract 51?

A. Coal Mountain 0.1035% and the same to Anna Lambert.

Q. And in Tract 52?

A. Coal Mountain Mining and Ralph Keen 0.0433% each.

Q. Okay. And with regard to Mr. Keen, did Mr. Glubiak share with us this morning that Mr. Keen was taking the position that he had not signed a split

agreement?

A. Yes.

Q. Did you have your office scan the agreement and email it to me?

A. Yes.

Q. And we have shown that to...although Mr. Glubiak doesn't represent Mr. Keen, we've shown it to Mr. Glubiak and we've shown it to Mr. Keen and his family this morning, correct?

A. We have.

Q. What's the...what's the date of that agreement?

A. February the 16th, 2002.

Q. Okay. And who were the parties?

A. It's Coal Mountain Mining Company and Ralph Keen and Grace Keen.

Q. Okay. It's a three page agreement, correct?

A. Uh-huh. Yes.

Q. And if we scroll down to the bottom, who signed it?

A. Ralph Keen, Grace Keen and the representative for Coal Mountain.

Q. Okay. And were there notaries applied

to the various signatures?

A. Yes.

Q. When were Mr. Keen and Grace Keen's signatures notarized?

A. February the 16th, 2002.

Q. Okay. And is this document that you relied on when you requested this disbursement from Tract 52?

A. Yes. Yes.

MARK SWARTZ: That's all I have, Madam Chairman.

MARY QUILLEN: Okay, questions from the Board?

(No audible response.)

MARY QUILLEN: Okay, you may continue.

MARK SWARTZ: I'm finished.

MARY QUILLEN: Okay. So, you're just doing the Tract 22?

MARK SWARTZ: No. We're proposing to do all of them.

BRUCE PRATHER: They're doing all of them.

MARY QUILLEN: Oh, you're doing all of them. Okay, even---.

MARK SWARTZ: I just wanted to sort of explain why since we have a push back, okay,---.

MARY QUILLEN: Okay.

MARK SWARTZ: ---to save some time.

MARY QUILLEN: Okay. Mr. Glubiak.

PETER GLUBIAK: Madam Chairman, I represent Ms. Kathleen...Sara Kathleen Wade who is seated to my left and her son, Ron Wade. I would only by way of information point out that this has been an eighteen year process for Mrs. Wade, which will hopefully culminate some time next month and finally getting the money. So, I'm glad to see that's happening. I'm sure Mrs. Wade and her son are happy that this conclusion will finally happen. I would point out that this was done as a result of a final Court order. As the Board, I think is no doubt aware, I have significant objections to the split agreement. I happened to ask Mr. Keen because he was on the docket this morning, he indicated to me that he thought that he had not signed a split agreement. I will concede that Mr. Swartz was able to locate one. I've seen it and Mr. Keen has seen it. I do not represent him. It is my understanding that he had an objection and I'm...there's certainly...this is his daughter, I believe, that is going to voice the objection. With regard to Tract 22, we wholeheartedly support the disbursement of the money and would encourage Ms. Davis and the staff to get it done as soon

as possible. I have W-9s, which are required. I'll give one to the Board and one to Ms. Duty. So, as far as we are concerned insofar as disbursing, Tract 22 we hope that happens very shortly.

MARY QUILLEN: And this is for Mrs. Wade, correct?

PETER GLUBIAK: I'm sorry?

MARY QUILLEN: For Mrs. Wade?

PETER GLUBIAK: Yes, for Mrs. Wade. I do not represent any of the parties involved in Tract 50, 51 and Mr. Keen is here and he is involved in Tract 52.

MARY QUILLEN: Okay. Any questions from the Board on Tract 22?

(No audible response.)

MARY QUILLEN: Okay. Do you all wish to speak?

RONALD WADE: I would like to ask some questions.

MARY QUILLEN: Okay. You will need to be sworn.

(Ronnie Wade is duly sworn.)

COURT REPORTER: And your name, please.

RONALD WADE: Ronald Wade. My question for the Board is this. In '92 my mom and dad entered into a lease with the land company that eventually became CNX. After that, the pooling concept came into agreement

through our Legislature and the Board. We have asked for royalty reports contending that we own the property...or my mom and dad owns the property and never received anything from CNX Gas. I have worked in the gas industry for more than ten years myself for public companies. I know what is common practice in every other state other than Virginia. But since the Legislature gave the right of eminent domain to the gas company and gave the Board the responsibility of distributing the money, is it not the Board's responsibility to protect the interest of the people that are forced into this and not receiving adequate information from the company? We've never received a production report. We've never received a sale's report and a comparison on the royalties. We have no information.

MARY QUILLEN: Have you requested this information from CNX?

RONALD WADE: Yes. But because of this being pooled...force pooled we had to go through Court and prove that it was our ownership. We had to pay Mr. Glubiak. Yet they knew from the day they signed the lease because the mineral severance...the coal severance from the land specifically said coal only. As a matter

of a fact, they came back and bought the property off of mom and dad because it said the mining had to be done by the pick and shovel method and they couldn't longwall for that reason. Now, mom and dad were fortunate because I've spent forty years in the mining industry and worked for two public oil and gas companies. They did their accounting out to twelve places reporting the gas production as Alberta, Texas, Oklahoma, Mississippi and Arkansas. But what I want to know, I want to see the records of the production and what it was sold for to make sure that these numbers all chive. And in my opinion---

MARY QUILLEN: Anita, are those---

RONALD WADE: ---it's the Board's responsibility to see that we see this because it was taken out of our hands. We couldn't demand it because of the way the law was passed and the way it was set up and pooled through the Virginia Oil and Gas Board. It may not have been you guys sitting there when it was there, but you've assumed that panel of responsibility and it has taken since 1992 for my mom and my dad died in the interim to get what was clearly theirs, but was clouded because of the way the law makers did it.

MARY QUILLEN: Anita, will you all be able to

get that information for Mr. Wade or for his mother?

ANITA DUTY: Well, the way the information will be reported is because it's a lump sum that goes to escrow and that's not the only tract that was being paid to escrow.

MARY QUILLEN: Uh-huh.

ANITA DUTY: I mean, it can be supplied, but I'm just saying it's going to be a large volume of information.

MARY QUILLEN: Right. Would you...would you be good enough to see that he does get a copy of that?

ANITA DUTY: It may take some time because currently we're working on the request by the Board. We have two separate requests for royalty payments from previous years. So, I mean, I can't---

MARY QUILLEN: Right. I understand.

ANITA DUTY: ---make any promises, but I will definitely make sure the request is put in.

PETER GLUBIAK: Let it be...let it be perfectly clear, Mrs. Wade would like the disbursal that has been ordered and approved by the Board. The point that Mr. Wade is making is this has been in the process since 1992. This started out...this started out so early, you didn't even have the unitization formula. This

predated...this next unit, in fact, that we're talking about predates the unit system.

RONALD WADE: It started out---.

PETER GLUBIAK: When the unit system went from longwall units to the unit system and now we're in this gob unit that we're dealing with now, the Buchanan 1. This is an extremely complicated situation. I think Ms. Duty will confess that it certainly was. I think it taxed her staff to figure this out. So, I think what Mr. Wade is asking is reasonable. We've heard...Ms. Quillen, we've heard you asked and we'll expect at some point that we'll get that data.

MARY QUILLEN: And I know that Ms. Duty will work with you to get this information. It may not be immediately because as you said, it's a complicated process and there's lots and lots of information. It will be a large volume of information.

RONALD WADE: I hope it doesn't take eighteen years.

MARY QUILLEN: But I...well, we have requested it, sir. Thank you.

RONALD WADE: Thank you.

MARY QUILLEN: Uh-huh.

BILL HARRIS: Madam Chairman, let me just...can

I ask just a quick question. Would the Division office have any of those records?

MARY QUILLEN: I'm sorry?

BILL HARRIS: Would the Division office have any of those records?

SHARON HAGY: We have the production. We would have the production that we could provide for him.

MARK SWARTZ: Well, the escrow agent receives the check detail. Okay, so, I mean, there...there is data in the possession of...I mean, when you send somebody a check, you tell them why they're getting...you know, there's check detail to back it up. So, the escrow agent was getting this money and that's where the data was going, okay. But you're asking Anita to break that data down further, which is why she's saying it's going to take her a while. But the escrow agent has the basic data. These are the interest that you are receiving. You know, it's just like they get the same check detail that any royalty owner would get.

PETER GLUBIAK: I would point out though that we're dealing with four and possibly five different escrow agents. I would dare say that a lot of the data is just simply not available. Not that that's excusable and not that that should have happened. But I will tell

you now that some of that data will not be available.

MARY QUILLEN: That's exactly right. That was going to be point.

PETER GLUBIAK: I think that's the point that Mr. Wade is making that over eighteen years---

RONALD WADE: It goes back to this. The well was drilled. You've got so much flow coming out each day---

MARY QUILLEN: We understand that, sir.

RONALD WADE: Okay.

MARY QUILLEN: You know, but...you know, the fact that some of that data is with previous escrow agents and we---

RONALD WADE: It's also with the company.

ANITA DUTY: Well, we've also had previous...you know, prior administrators too. I mean, we're on our third or fourth administrator. So, I mean, that's---

MARY QUILLEN: We have requested this and they will do their very best. Anita has just assured us to get this to you.

PETER GLUBIAK: And I think, Ms. Quillen, we will end it, if in a reasonable period of time that we have not heard, we will be back in front of the Board.

MARK SWARTZ: Are you now representing them?

ANITA DUTY: Oh, he already...he already does.

PETER GLUBIAK: I am representing them, yes.

MARY QUILLEN: He represents them, yes.

MARK SWARTZ: Okay. Well, you didn't sound like
you were representing them today.

ANITA DUTY: No, not them. The other people.

MARY QUILLEN: No, no. The Wades.

PETER GLUBIAK: No, just the Wades.

MARK SWARTZ: Okay.

ANITA DUTY: He has always represented them.

MARK SWARTZ: Okay.

MARY QUILLEN: The Wades. He is representing
the Wades.

MARK SWARTZ: Okay.

MARY QUILLEN: Yes. Thank you.

RONALD WADE: Thank you, ma'am.

PETER GLUBIAK: Now, I think Mr. Keen or his
daughter have an objection with regard to---.

MARY QUILLEN: Well, you're not representing
them.

PETER GLUBIAK: No, I'm not.

MARY QUILLEN: Okay. Fine.

MARK SWARTZ: That was my point.

MARY QUILLEN: Yes.

MARK SWARTZ: And I will tell you, you know, that we are pressed to organize disbursements from the escrow account.

MARY QUILLEN: Yes.

MARK SWARTZ: Anita and I as we sit here today really don't care if slightly less than \$600 out of this \$660,000 remains on deposit. So, don't hold up this whole thing because of Tract 52, please.

PETER GLUBIAK: You've already voted to Tract 22. So, leave it alone.

MARK SWARTZ: Well, there are three...there are four tracts here.

SHARON PIGEON: You haven't voted for anything yet.

MARY QUILLEN: We haven't...we have not voted on this...this is a whole item...whole docket item that we will vote on. So, we'll go to our next speakers is what I'm saying. And you are representing the you said. Okay---.

(Dolores Estep and Ralph Keen are duly sworn.)

COURT REPORTER: You both need to state your names, please.

DOLORES ESTEP: Dolores Estep.

RALPH KEEN: Ralph Keen.

MARY QUILLEN: Okay. Ms. Estep, would you like to speak?

DOLORES ESTEP: Uh-huh. Well, we're just objecting to...we don't remember signing nothing...a split agreement.

MARY QUILLEN: Okay, which...which tract?

PETER GLUBIAK: 52.

DOLORES ESTEP: 52.

MARY QUILLEN: Okay. You're with Mr. Keen?

DOLORES ESTEP: Right. I'm his daughter.

MARY QUILLEN: Okay. Okay, Tract 52.

DOLORES ESTEP: Right.

MARY QUILLEN: Well, I believe that---

MARK SWARTZ: I can show it to her.

MARY QUILLEN: ---you have the copy of the agreement.

DOLORES ESTEP: Well, we would like to go back and look at ours because that has been like eight years ago. We don't remember...dad and mom don't remember signing anything or they didn't understand or something.

(Sharon Pigeon confers with the Board.)

MARY QUILLEN: So, you're asking that just your Tract 52---?

DOLORES ESTEP: Right.

MARY QUILLEN: ---that you have the interest in
you want that carried forward?

DOLORES ESTEP: Right.

SHARON PIGEON: Until December?

MARY QUILLEN: Until December...December the
14th?

DOLORES ESTEP: Okay.

MARY QUILLEN: Will you be able to come back and
have an opportunity to look at your...a copy of your---?

DOLORES ESTEP: Yeah, we'll have time to check
out all of our records.

MARY QUILLEN: Okay. In the meantime, can---?

MARK SWARTZ: We have no objection to that.

MARY QUILLEN: Okay. And can you present a copy
of the copy that you have on file at that time?

MARK SWARTZ: I don't have a printer, but I'll
get it printed and---.

MARY QUILLEN: No, no. I mean...yes.

SHARON PIGEON: In December.

MARY QUILLEN: In December.

MARK SWARTZ: Actually, I could probably email
to David right now and then you'll have it and he
can---.

MARY QUILLEN: Okay. That will be fine.

DOLORES ESTEP: And what about the other two,
Anna Ruth and---.

SHARON PIGEON: They're not here.

MARY QUILLEN: They're not here.

DOLORES ESTEP: So, we can't---?

MARY QUILLEN: Unh-huh. No.

DOLORES ESTEP: Because I'm not sure...because
her address was wrong on our letter. Theirs may have
been too.

MARY QUILLEN: Well, you know, their...the only
action we can take is actually the item or the tract
that you actually are the owners. The other folks would
have to speak for themself.

DOLORES ESTEP: Okay.

MARY QUILLEN: Any questions from the Board?

(No audible response.)

MARY QUILLEN: Okay. Ms. Pigeon just advised me
that we have several options on this that we can approve
disbursement of funds from Tract 22, 50 and 51 and carry
Tract 52 forward to the December 14 meeting.

DONNIE RATLIFF: I'll make that motion, Madam
Chairman.

BILL HARRIS: Second.

MARY QUILLEN: Okay, we have a motion and a

second. All those in favor, respond by saying yes.

(All members signify by saying yes, but Katie Dye.)

MARY QUILLEN: Opposed, no.

KATIE DYE: I'll abstain.

MARY QUILLEN: Okay. We have approved disbursement of Tract 22, 50 and 51. Tract 52 will be carried forward to December 15.

MARK SWARTZ: 14, I think.

MARY QUILLEN: Oh, excuse me, December 14. December 14.

MARK SWARTZ: You know, before we move forward so that I don't...we don't inadvertently cause Mr. Glubiak to have the big one, okay, if you continue this percentage to the next hearing and any moneys received and you make disbursements, the percentage is going to be wrong. Maybe we---.

ANITA DUTY: We can remove it.

MARK SWARTZ: I don't think we want that to happen.

PETER GLUBIAK: Why would that be wrong? You've got the exact percentages---.

MARK SWARTZ: Because if we come back---.

ANITA DUTY: If they pay out your tracts within

this month, the percent---.

MARK SWARTZ: Their percentage is going to change.

ANITA DUTY: ---of unit is not going to be same for them the next month.

MARK SWARTZ: You can't continue them.

ANITA DUTY: We will have to---.

MARY QUILLEN: You will have to come---.

MARK SWARTZ: The percentage will change is what I'm saying.

MARY QUILLEN: That's exactly right. You're right. So---.

MARK SWARTZ: So, we don't want to stay Mr. Glubiak's client payment inadvertently. So---.

PETER GLUBIAK: What are you proposing?

MARK SWARTZ: Well, I think we should just...allow us to pay those three but in the order continuing this to December the 14th and make sure that it's clear that the percentage is going to change or potentially, I mean, of the people that didn't want the disbursement today so that we don't have some issue there that people are assuming that's---.

PETER GLUBIAK: That's going forward, the percentage?

MARK SWARTZ: Right.

PETER GLUBIAK: Right. Disburse what's in escrow and go forward---.

MARY QUILLEN: So, you are in agreement?

PETER GLUBIAK: Yes.

MARK SWARTZ: They can continue it, but they need to understand the percent...their interest isn't going to change, but the percentage of the escrow account may change and everybody needs to be aware of that.

MARY QUILLEN: Right.

MARK SWARTZ: Okay.

MARY QUILLEN: You are aware of that, correct?

BRUCE PRATHER: Do you know what that percentage would be?

MARK SWARTZ: Not without doing some math.

BRUCE PRATHER: Okay.

MARK SWARTZ: Okay. It would be...presumably since there's going to be less money in the escrow account their percentage might increase a little bit.

MARY QUILLEN: Of the total amount?

MARK SWARTZ: I'm just thinking.

MARY QUILLEN: But their percentage of ownership will not change.

MARK SWARTZ: That all stays the same.

MARY QUILLEN: Right. It's just the percentage of...the balance---.

MARK SWARTZ: Of the escrow account.

MARY QUILLEN: ---that's in the escrow---.

RONALD WADE: The balance of the escrow account will change.

PETER GLUBIAK: The balance will be smaller and the percentage will be higher and the number will be the same.

MARK SWARTZ: And there may be additional money in the account too. So...right.

PETER GLUBIAK: A couple of dollars---.

MARY QUILLEN: Exactly. Exactly. So, you do---.

ANITA DUTY: We'll just need to recalculate it the following month. If they are in agreement with it, we will have to do a recalculation after the payout of the---.

MARK SWARTZ: And then everything...the math is good go today then.

MARY QUILLEN: And you are in agreement with that, correct?

PETER GLUBIAK: We understand, right.

KATHLEEN SARA WADE: We are. We are.

MARY QUILLEN: Okay. They are in agreement with that, Mr...okay.

(Mary Quillen confers with Sharon Pigeon.)

MARY QUILLEN: Okay. We will take a break after this next item, item number seven on the agenda, docket item number VGOB-92-0218-0185-03. Those wishing to speak to this item, please come forward.

MARK SWARTZ: Mark Swartz and Anita Duty.

PETER GLUBIAK: Peter Glubiak for Ms. Kathleen Wade and her son, Ron Wade.

MARY QUILLEN: Okay. Mr. Swartz.

MARK SWARTZ: If I could incorporate Anita's testimony from the prior docket that she discussed of Ms. Wade, the lawsuit and so forth, I think we've laid the predicate and then I could just move to Exhibit A. If that would be okay with you all.

MARY QUILLEN: That will be incorporated.

(Exhibits are passed out.)

ANITA DUTY

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, with regard to Exhibit A, did you do the comparison that you normally do of the operators royalty payment records with the bank's deposit records?

A. Yes.

Q. And as of what date?

A. August the 31st, 2010.

Q. And when you did, did you find that they were in agreement?

A. Yes.

Q. Okay. Is this a partial disbursement?

A. Yes.

Q. And it regards tract what?

A. 33.

Q. Okay. And this disbursement that you're proposing would go to whom?

A. Sara Wade.

Q. And what percentage of the total undeposited in the escrow account should the escrow agent use in making that disbursement?

A. 19.7588%.

MARY QUILLEN: That's...Mr. Swartz, that's not the percentage that we show.

ANITA DUTY: The...Mr. Asbury had contacted us after...he always make sure that he agrees with our

calculation. And we...on Tract...one of the other tracts, Tract 37, we had an incorrect acreage on there. We had like 40...we had 47.907 and it should be 44.907. So, we have revised exhibits to correct that error. I think...did Mr. Asbury---

PETER GLUBIAK: It has gone down about at \$1,000.

KATHLEEN SARA WADE: Gone down?

Q. Anita, with regard to the issue that Mr. Asbury raised, what tract dit that pertain to?

A. The error was on Tract 37.

Q. Okay. And the effect of the error on 37, did you have...did you have it larger or smaller than---

A. It was...we had it larger. It should have been 44 and we had 47.

Q. Okay. And did you then check when you received the comment from Mr. Asbury to determine whether or not he was right?

A. Yes, he was right.

Q. And is the revised Exhibit EE that you've...that's dated and revised as of November the 2nd, I believe?

A. Yes.

Q. Is that the correct math?

A. Yes.

Q. Okay. And that obviously would have had a slight effect on the split?

A. Yes.

Q. Which is why you have a different percentage that was the percentage that you filed with?

A. That's correct.

Q. Okay. And the percentage on Exhibit A should be that the escrow agent should use is what percentage?

A. 19.7588%.

Q. Okay.

A. I misspoke a minute ago. We had 44.907 and it should have been 47.907. I just had the reverse. I'm sorry.

Q. Okay. So, for Tract 37, give those percentages again?

A. It should be 47.907. We incorrectly used 44.907.

Q. Okay. And that one---?

A. You'll see the differences on the exhibits.

Q. Right. And that one catch accounts for

the difference?

A. It does.

MARK SWARTZ: Okay. That's all I have, Madam Chairman.

PETER GLUBIAK: I have a question, Madam Chairman.

MARY QUILLEN: Mr. Glubiak.

PETER GLUBIAK: I understand the math. What Ms. Duty appears to be stating is another tract was larger in acreage. Mrs. Wade's tract stayed the same, but her percentage of ownership decreased by almost a percent and to make it real, it went down about a \$1,000.00. What I'd like to know is over and over and over again we're told that these acreages are correct and I got a petition that was filed with the Board that indicated an amount and it's wrong. Now, how do I know Mr. Asbury was right and Ms. Duty wasn't right the first time? Who...what's...where did this 3 acres come from?

ANITA DUTY: If you look at the tract ID that's included in the original order---

PETER GLUBIAK: This is the original order?

ANITA DUTY: Well, it's included in your package.

PETER GLUBIAK: Right. I---.

ANITA DUTY: Tract 37.

PETER GLUBIAK: Right. I understand what you're saying. It went up 3 acres. But how do I know that's right?

ANITA DUTY: We had a typo...we had a typo on our calculation sheet. When Mr. Asbury didn't balance with what we told him was the acres escrowed versus the percent of escrow, he calculated it and it was our error. He always sees if he can balance our spreadsheets and when he didn't, we found out where the mistake was.

PETER GLUBIAK: Is the...looking at Tract 47---.

MARK SWARTZ: 37.

PETER GLUBIAK: 37, I'm sorry. Looking at Tract 37, does the original...I don't have the force pooling order and supplemental order in front of me, is that what the supplemental order says, 47.907?

ANITA DUTY: Yes. That's what the tract ID says and that's what our exhibit says. Our calculation sheet, rather than us saying that this tract was 47 acres, it was 44 and that changes your total acres escrowed, which changes your percent acre escrowed... your payout.

PETER GLUBIAK: What I'm asking is if I went

back and looked at the supplemental order, Tract 37 would show 47.907?

MARK SWARTZ: Correct. That's what she's telling you.

ANITA DUTY: Yes.

PETER GLUBIAK: Okay.

MARK SWARTZ: And—.

RONALD WADE: It changed from 47 to 44 or it went from 44 to 47?

ANITA DUTY: Show him this.

PETER GLUBIAK: 44 to 47. 44 was listed in the petition that was filed. My understanding of the explanation is Mr. Asbury, the Director, compared it and realized that it was...that the acreage under Tract 37 was mislisted as 44 acres instead of the correct 47. We can check it. But I understand what the argument is.

ANITA DUTY: The only place that it was incorrect was on the calculation of the total acres escrowed. The exhibit was correct and the tract ID that was included in the application was correct.

RONALD WADE: So, it should have been prorated over everybody that is escrowed in that one particular well, what's in the escrow?

MARK SWARTZ: We under estimated the size of

the...the number of acres by 3 because it was a typo. I mean, it should have been 47.907 and somebody typed 44.907 which lost 3 acres from the acres escrowed. So, if---

RONALD WADE: I understand that.

MARK SWARTZ: ---it goes back to where it should be, where it was in the beginning and everybody else's acreage stays the same, they're going to go down slightly as a percentage of the total because the total increased. I mean, that's---

RONALD WADE: Yeah, that's what I said. That's what I said in the math. But see we don't have any of these calculations. We're taking all of this at verbatim. This is something that has been going on since '92.

ANITA DUTY: You can compare the supplemental order and you can compare...I mean, like I said, Mr. Asbury always double checks that he agrees with our numbers. And this is...this is the reason for it. I mean, we had a typo and he caught it. We had our exhibits correct. We had the tract ID correct. We had a miscalculation on the total acres escrowed. I mean, you can see that at the top of the Exhibit A. If you look at the previous one, it says 77.085. If you look

at the new one, it says 80.3085.

(Peter Glubiak confers with his clients.)

PETER GLUBIAK: I just conferred with my client. We'll check the supplemental order. But assuming that's correct, we have no objection to continuing. We understand what the argument is. I would rather it have been a \$1,000.00 error in their...in our favor, but it isn't.

SHARON PIGEON: We would too.

MARK SWARTZ: Well, it's in escrow. We don't get it back. I mean, you know, please.

BRUCE PRATHER: It belongs to somebody.

MARK SWARTZ: Right. Somebody other than my client, correct.

PETER GLUBIAK: But it's somebody's money. It happens to be this nice woman sitting next to me money. We just gave away \$1,000.00 it this morning. So, have no objection of continuing.

MARY QUILLEN: Okay. Any other questions from the Board?

(No audible response.)

MARY QUILLEN: Do you have any questions?

(No audible response.)

MARY QUILLEN: Do I hear a motion?

DONNIE RATLIFF: Move to approve the petition as presented.

BILL HARRIS: Second.

MARY QUILLEN: We have a motion and a second. All of those in favor, respond by saying yes.

(All members signify by saying yes, but Katie Dye.)

MARY QUILLEN: Opposed, no.

KATIE DYE: I'll abstain.

KATIE DYE: Okay, you have approval. One abstention, Mrs. Dye. We will take a ten minute break. We will be back here at 10:45.

(Break.)

MARY QUILLEN: All right, folks. Agenda item number eight, docket number VGOB-10-0921-2815, Range Resources-Pine Mountain, Inc. for pooling. Please come forward.

MARK SWARTZ: Range Resources has kindly allowed us to finish our docket, which is number twelve, if you don't mind, and then we'll be done and out of your hair today.

SHARON PIGEON: We thought we got rid of you.

MARY QUILLEN: Okay. We have amended that item...Range Resources has relinquished the next item

for CNX to finish up all of their docket items and it will be number twelve on the agenda, docket number VGOB-10-1019-2825. Those wishing to speak to this item, please come forward.

MARK SWARTZ: Mark Swartz, Anita Duty and Leslie K. Arrington.

(Anita Duty was sworn previously in the day. Leslie K. Arrington is duly sworn.)

ANITA DUTY

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Anita, you need to state your name for us, please.

A. Anita Duty.

Q. Who do you work for?

A. CNX Land Resources.

Q. And is CNX Land Resources the applicant here?

A. Yes.

Q. Okay. Did you participate in the preparation of the notice of hearing and the petition

and the supporting documentation?

A. Yes.

Q. Did you in fact sign the notice and the application?

A. I did.

Q. And this is a request or a petition that asks for two things. It asks to create a drilling unit, a horizontal unit and to pool that unit, is that correct?

A. Yes.

Q. Have you listed all of the respondents, the folks that would need to be pooled in both the notice of hearing and in Exhibit B-3?

A. Yes.

Q. What did you do to notify those folks and others that there would be a hearing today?

A. Mailed by certified mail return receipt requested on September the 17th, 2010. I published the notice and location map in the Bluefield Daily Telegraph on September the 28th, 2010.

Q. And do you have with you today to provide to the Division copies of your certificates with regard to mailing and the proof of publication that you got from the newspaper?

A. Yes.

Q. Okay. Do you want to add any respondents today?

A. No.

Q. Do you want to dismiss any?

A. No.

Q. Okay. With regard to the applicant and operator, is CNX Gas Company, LLC a Virginia Limited Liability Company?

A. Yes.

Q. Is it authorized to do business in the Commonwealth?

A. Yes.

Q. And does the application request that the...that CNX Gas Company, LLC be the designated operator if the application is approved?

A. It does.

Q. Has CNX Gas Company registered with the DMME?

A. Yes.

Q. Has it obtained and filed the required bond for operators?

A. Yes.

Q. And this is a...there's a map of the

unit contained in the application here as Exhibit A, is that correct?

A. Yes.

Q. And essentially this puts together four Oakwood units, is that...that's the...is that what's driven the shape here?

A. Yes.

Q. Okay. And the...I'm going to talk to Les about this, but just to get the Board focused, the two wells that are going to be required to drill this horizontal...or develop this horizontal well are both located in CC-38, correct?

A. That's correct.

Q. And then the legs as shown on Exhibit A, proceeded into three adjoining 80 acre units, correct?

A. Yes.

Q. Okay. And this is a CBM unit?

A. Yes.

Q. Okay. Have you provided the Board with a cost estimate?

A. Yes. \$1,016,057.44.

Q. Okay. And what interest has the operator been able to acquire in these 320 acres and what interest are you seeking to pool?

A. We have acquired 100% of the coal claim and 81.8457% of the oil and gas claim. We are seeking to pool 18.1543% of the oil and gas claim.

Q. Okay. And have you...and is there escrow required with regard to this unit?

A. There is.

Q. Okay. And you have a fourteen page, I think, Exhibit E---?

A. Yes.

Q. ---which lists numerous tracts and folks whose interests are subjected to escrow, is that correct?

A. Yes.

Q. And most of the escrow requirements would be because of the title conflicts, correct?

A. Yes.

Q. But there are several title issues where title is in question and that would be in Tracts 2F, 2H, 3D and 3E, is that correct?

A. Yes.

Q. And do we have any split agreements in this unit, Anita?

A. No.

Q. It doesn't look like it. Okay. With

regard to the 18 plus percent that you have been unable to acquire their interest, what...what have been your lease terms that you've offered to folks in this 380 acre proposed unit?

A. \$10 per acre per year with a five year paid up term and a one-eighth royalty...recoupable royalty.

Q. Recoupable royalty, okay. And would you recommend those same terms to the Board to be included in any order they might issue with regard to folks who were deemed to have been leased?

A. Yes.

Q. Okay. Is it your opinion that if you combine a pooling order with the acquisition and leasing activities of the applicant that the correlative rights of all owners and claimants will be protected?

A. Yes.

MARK SWARTZ: That's all I have of Anita.

MARY QUILLEN: Any questions from the Board?

(No audible response.)

MARY QUILLEN: You may continue.

LESLIE K. ARRINGTON

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SWARTZ:

Q. Les, could you state your name for us, please?

A. Leslie Arrington.

Q. You're under oath?

A. Yes.

Q. Okay. And have you participated in the design of this unit?

A. Yes.

Q. And you've passed out or prepared some exhibits that sort of supplement what went out with the application, correct?

A. Yes, we have.

Q. And the first one is a colored map?

A. It is.

Q. Okay. And the...does the green indicate the acreage that's included in this proposed drilling unit?

A. Yes, it does.

Q. And it's 320.86 acres?

A. It is.

Q. Okay. And have you shown the two holes that are going to need to be permitted?

A. Yes, we have. CC-38A is the production hole. CC-38B is the access hole. 38B is approximately 370 feet away. This is in the Pocahontas Number 11 seam.

Q. Okay. And have you provided the Board with some forecast data with regard to reserves and gas in place?

A. We have. The accumulative reserves is 699 million cubic feet of gas.

Q. Okay. And you've shown that on page three of the exhibits that you passed out today?

A. We did.

Q. And that is obviously something less than the gas in place but substantial?

A. Yes.

Q. Okay. The...are you requesting that the Board authorize the location exception that's required here to drill these two wells if hasn't been already?

A. Yes, we are.

Q. Okay. And just to recap, is the production hole the northern most of the two holes?

A. Yes, it is. CC-38A.

Q. Okay. And if you look at the bigger map, you know, the slighter larger map that was in the application, it looks like portions of the legs that are anticipated to produce gas actually are within CC-38?

A. They are.

Q. Okay. And, in fact, I think each of these four units has other producing wells in them already?

A. They do.

Q. Okay. And this would create a unit just to share production from this horizontal well across the 320?

A. Yes.

Q. Okay. We're not...we're not impacting the prior orders?

A. Correct, we are not.

Q. Okay. Does it look like---?

A. BB-38 I don't believe has a well on it.

Q. Right. So, this...so, three of the four units have prior wells, but the one sort of in the middle doesn't?

A. Correct.

Q. Which has most of the leg distance?

A. It does.

Q. Okay. And is the production...is it anticipated that the production will be allocated between the four units based on the length of the leg...production legs within the various units?

A. It does...yes, it is.

Q. Okay. Is it your opinion that this horizontal well designated...as depicted on Exhibit A is a reasonable plan for development of the CBM resource in the target seam?

A. Yes, it is.

LESLIE K. ARRINGTON: I think that's all I have, Madam Chairman.

MARY QUILLEN: Mr. Arrington, we would like to reidentify your exhibits AA, BB, and CC.

LESLIE K. ARRINGTON: Yes, that will be fine.

MARY QUILLEN: Okay. Any questions from the Board?

BRUCE PRATHER: I've got a question.

BILL HARRIS: Madam Chairman...oh, I'm sorry.

BRUCE PRATHER: Go ahead. Go ahead.

BILL HARRIS: Go ahead.

MARY QUILLEN: Mr. Prather.

BRUCE PRATHER: On your horizontal well

forecast, what are each one of these color coded? It's not---.

LESLIE K. ARRINGTON: It's not on there?

DONNIE RATLIFF: It don't have a legend.

BRUCE PRATHER: It doesn't have a legend.

LESLIE K. ARRINGTON: It's the upper...the lower most limit and the upper most limit of the production of the well.

BRUCE PRATHER: What's the red one?

LESLIE K. ARRINGTON: The average.

BRUCE PRATHER: Okay. All right, thank you.

MARY QUILLEN: Mr.---.

BILL HARRIS: I had the same question.

MARY QUILLEN: Okay.

DONNIE RATLIFF: Madam Chairman.

MARY QUILLEN: Mr. Ratliff.

DONNIE RATLIFF: You've got CC-38 drilled already in the lower unit, right?

LESLIE K. ARRINGTON: Yes, sir.

DONNIE RATLIFF: The one above that which would be what, BB-38, there's no well in that unit?

LESLIE K. ARRINGTON: It is not.

DONNIE RATLIFF: Okay. Any surface problems? You've got rights to the surface...to disturb the

surface to build...to drill the horizontal pad?

LESLIE K. ARRINGTON: Yes.

DONNIE RATLIFF: And even though the legs are different distances in different units, if you'll go back just like we always have and if your percentage of the acreage in your unit...it doesn't matter which unit you're in, you're going to still get your percentage?

LESLIE K. ARRINGTON: You'll get an allocated portion, yes.

MARK SWARTZ: Essentially, you use the leg distances to allocate the production to the units and then you use the percentage that the people own or claim in the units to allocate that production. It's a two step-.

LESLIE K. ARRINGTON: That's correct. It's per the drill leg.

DONNIE RATLIFF: So, you do...so, you do calculate the percentage of that leg in each unit and they will only get credit for that percentage?

MARK SWARTZ: To allocate the production.

LESLIE K. ARRINGTON: To allocate the production. Yes, it's allocated.

SHARON PIGEON: To the entire unit---?

MARK SWARTZ: Right. And then you use the

percentage of interest---.

SHARON PIGEON: ---so that you're crossing over?

MARK SWARTZ: ---that you applied when you pooled, if it was pooled, to them...allocate that production to the people, right?

LESLIE K. ARRINGTON: Yes.

MARY QUILLEN: Any other questions?

(No audible response.)

MARK SWARTZ: Nothing further.

MARY QUILLEN: Any other questions from the Board?

(No audible response.)

DONNIE RATLIFF: Motion to approve, Madam Chairman.

BILL HARRIS: Second.

MARK SWARTZ: Thank you.

MARY QUILLEN: We have a motion and a second. All in favor, respond by saying yes.

(All members signify by saying yes, but Katie Dye.)

MARY QUILLEN: Opposed, no.

KATIE DYE: I'll abstain.

MARY QUILLEN: This approval with Mrs. Dye's...

abstention from Mrs. Dye. Okay, we will go back to item number eight on the agenda. Range Resources-Pine Mountain, Inc. docket item number VGOB-10-0921-2815. Those wishing to speak to this item, please come forward and be sworn.

TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn for Range Resources-Pine Mountain, Inc.

(Gus Jansen and Phil Horn are duly sworn.)

(Exhibits are passed out.)

TIM SCOTT: Wow, I'm here before 3:00 o'clock. I can't stand it.

SHARON PIGEON: It must be quitting time.

TIM SCOTT: Huh?

SHARON PIGEON: It must be quitting time.

TIM SCOTT: That's right. Time to go home.

MARY QUILLEN: You may proceed.

TIM SCOTT: Thank you.

PHIL HORN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, would you please state name, by whom you're employed and your job description?

A. My name is Phil Horn. I'm employed by Range Resources-Pine Mountain, Inc. as land manager and one of my job descriptions is to get wells permitted and drilled.

Q. Now, in this particular case, we're seeking to pool because the unit has already been established, is that correct?

A. That's correct.

Q. And how many acres does this unit have?

A. 320.

Q. Range Resources-Pine Mountain has drilling rights in the unit, is that correct?

A. That's correct.

Q. Are there any respondents that we're going to dismiss today?

A. No.

Q. Now, with regard to the parties listed on Exhibit B-3, have you tried to reach an agreement with those people?

A. Yes, we have.

Q. And what...what percentage of the unit do we have under lease presently?

A. 99.2%.

Q. And how was the notice of hearing provided to the parties listed on Exhibit B?

A. By certified mail.

Q. Any other method?

A. Also by publication in the Dickenson Star on September the 3rd, 2010.

Q. Now, we have unknown owners, is that right?

A. Yes, we do.

Q. Now, you have provided to Mr. Asbury's office a letter indicating what your efforts were to locate those people, is that correct?

A. That's correct.

Q. And have we filed proof of publication and proof of mailings with Mr. Asbury?

A. Yes, you have.

Q. Okay. Is Range Resources-Pine Mountain authorized to conduct business in the Commonwealth?

A. Yes, we are.

Q. And is there a blanket bond on file?

A. Yes, there is.

Q. Now, if you were to reach an agreement with the parties listed on Exhibit B-3, what would the

terms be?

A. \$25.00 per acre for a five year paid up lease that provides a one-eighth royalty.

Q. And is this do you think a reasonable compensation for a lease in this area?

A. Yes, I do.

Q. Okay. What percentage of the oil and gas estate is Range Resources seeking to pool?

A. .80%.

Q. And we said earlier that we have unknowns, is that right?

A. That's correct.

Q. So, we have an escrow requirement?

A. That's right. For Tract 18.

Q. Has Exhibit E been submitted with our application?

A. Yes, it has.

Q. And what's the percent of the unit which is subject to escrow?

A. .01%.

Q. Okay. And you're requesting the Board to lease the parties listed on Exhibit B...or force pool the parties listed on Exhibit B-3?

A. That's correct.

Q. And are you also requesting that Range Resources-Pine Mountain be designated the operator for this unit?

A. That's correct.

Q. Now, would you please tell the Board if their...if they approve our application and the order is submitted, what would be the address for any correspondents regarding elections?

A. Range Resources-Pine Mountain, Inc.,
P. O. Box 2136, Abingdon, Virginia 24212.

Q. Is that the address for all correspondence for this order?

A. Yes, it is.

TIM SCOTT: That's all I have for Mr. Horn.

MARY QUILLEN: Any questions from the Board?

(No audible response.)

MARY QUILLEN: You may continue.

TIM SCOTT: Thank you.

GUS JANSEN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, would you please state your name, by whom you're employed and your job description?

A. My name is Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as the manager of geology.

Q. And you've participated in the preparation of this application, is that correct?

A. Yes, I did.

Q. And are you familiar with the projected depth of this well?

A. Yes, I am. The depth is proposed at 9,224 feet.

Q. And what are the estimated reserves?

A. It's 1 bcf.

Q. And, now, we've provided an AFE with our application, is that correct?

A. Yes, it is.

Q. And you signed it, is that right?

A. That's correct.

Q. So, you're familiar with the well costs?

A. Yes, I am.

Q. What's the estimated dry hole costs for this unit?

A. The dry hole cost is \$644,178.

Q. And the total cost of production to complete it?

A. \$1,318,329.

Q. Now, as far as supervision, there's a reasonable cost for supervision on here, is that correct?

A. That is correct.

Q. And in your opinion, if this application is granted, will it be in the best interest of protecting correlative right, prevention of waste and promote conservation?

A. Yes, it will.

TIM SCOTT: That's all I have for Mr. Jansen.

MARY QUILLEN: I have one question, Mr. Jansen. Do you have a signed AFE? Ours...the one we have in our packet is not signed or dated?

SHARON PIGEON: Do you all have a signed one?

TIM SCOTT: We do.

MARY QUILLEN: Do you all have a signed one?

SHARON PIGEON: The AFE with the figures on it.

MARY QUILLEN: Is that one that you just handed them?

TIM SCOTT: Yes, ma'am.

MARY QUILLEN: Okay. Fine. We can move forward since they have one. Any questions fr Mr. Jansen?

(No audible response.)

MARY QUILLEN: You may continue.

TIM SCOTT: That's all I have, Madam Chairman.

MARY QUILLEN: Okay. Do I hear a motion?

BILL HARRIS: Motion for approval.

BRUCE PRATHER: Second.

MARY QUILLEN: Okay. We have a motion and a second. Those in favor respond by saying yes.

(All members signify by saying yes, but Donnie Ratliff.)

MARY QUILLEN: Opposed, no.

DONNIE RATLIFF: I'll abstain, Madam Chairman.

MARY QUILLEN: One abstention. You have approval. One abstention, Mr. Ratliff.

TIM SCOTT: Thank you, Madam Chairman.

MARY QUILLEN: Okay, our next item, number nine on the agenda, Range Resources-Pine Mountain, Inc. establishment for drilling unit and pooling, docket item number VGOB-10-0921-2819. All those wishing to speak to this item, please come forward and be sworn.

TIM SCOTT: Again, Tim Scott and Gus Jansen and Phil Horn for Range Resources-Pine Mountain, Inc.

MARY QUILLEN: You may continue.

TIM SCOTT: Thank you.

PHIL HORN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, again, your name, by whom you're employed and your job description.

A. My name is Phil Horn. I'm the land manager for Range Resources-Pine Mountain, Inc. One of my job duties is to get wells permitted and drilled.

Q. Are you familiar with this application?

A. Yes, I am.

Q. And this unit contains how many acres?

A. 112.69.

Q. Does Range Resources have drilling rights in this unit?

A. Yes.

Q. Are we going to dismiss anybody today who is listed as party respondent?

A. No.

Q. Have you attempted to reach an agreement

with those parties listed on Exhibit B-3?

A. Yes, we have.

Q. And what percentage of the unit does Range Resources have under lease?

A. 92.66675325%.

Q. And, again, how was notice of this hearing provided to the parties listed on Exhibit B?

A. By certified mail and also notice was published in the Dickenson Star on September the 3rd, 1910...I mean, 2010.

Q. Again, do we have any...do we have any unknowns in this unit?

A. Yes, we do.

Q. And, again, did you provide a letter indicating...to Mr. Asbury indicating what efforts you made to locate these individuals?

A. Yes, I have.

Q. Okay. Have you filed the proofs of publication and proof of mailings with the Board?

A. Yes, you have.

Q. Okay. Again, is Range Resources authorized to conduct business in the Commonwealth?

A. Yes, we are.

Q. And there's a blanket bond on file, is

that also correct?

A. That's correct.

Q. Again, if you were to offer lease terms to individuals listed on Exhibit B-3, what would those terms be?

A. \$25.00 per acre for a five year paid up lease that provides a one-eighth royalty.

Q. And, again, what...do you think this is a reasonable compensation for a lease?

A. Yes, I do.

Q. What percentage of the oil and gas estate is Range Resources seeking to pool?

A. 7.33324675%

Q. Again, we have indicated to the Board that there are unknowns, is that right?

A. There is one unknown, correct.

Q. So, we have an escrow requirement?

A. That's correct.

Q. And what tracts or tracts are subjected to escrow?

A. Tracts 2, 10 and 11.

Q. And what's the percentage of the unit that's subject to escrow?

A. 2.49571429%.

Q. So, we're asking the Board to lease or to pool those parties listed on Exhibit B-3, is that right?

A. That's correct.

Q. And that Range Resources be named the operator for this unit, is that also correct?

A. That's correct.

Q. Now, if the Board grants our application, what would be the address used for any elections made pursuant to provisions of the order?

A. Range Resources-Pine Mountain, Inc.,
P. O. Box 2136, Abingdon, Virginia 24212.

Q. Again, would this be the address for all communications?

A. Yes, it would.

TIM SCOTT: That's all I have for Mr. Horn.

MARY QUILLEN: Any questions from the Board?

(No audible response.)

MARY QUILLEN: Okay. You may continue.

TIM SCOTT: Thank you, ma'am.

GUS JANSEN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, again, by...your name, by whom you're employed and your job description?

A. My name is Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as the manager of geology.

Q. Did you assist in the preparation of this application?

A. Yes, I did.

Q. Are you familiar with the total depth of the proposed well?

A. Yes. The proposed depth is 5,110 feet.

Q. And what are the estimated reserves of this unit?

A. 350,000,000 cubic feet of gas.

Q. Now, I believe you also signed the AFE, is that right?

A. That is correct.

Q. Are you familiar with the well costs?

A. Yes, I am.

Q. What's the estimated dry hole cost?

A. \$310,009.00.

Q. And the completed well cost?

A. \$605,971.00.

Q. And all of that is set forth in an AFE that we've provided to the Board, is that right?

A. That is correct.

Q. Now, does the AFE include a reasonable charge for supervision?

A. Yes, it does.

Q. And in your opinion if this application is granted, would it be in the best interest of conservation, the prevention of waste and protection of correlative rights?

A. Yes, it would.

TIM SCOTT: That's all I have for Mr. Jansen.

MARY QUILLEN: I have one question. On your Exhibit A, your plat, do you have one with a signature?

PHIL HORN: Yes, I have...I have some signed plats here. I thought I had mailed some to Diane, but here is a signed plat.

MARY QUILLEN: Yeah, just give it to them.

PHIL HORN: Okay.

MARY QUILLEN: Just pass it down there to them. It will be fine.

BILL HARRIS: Madam Chairman, our AFE is not signed.

PHIL HORN: We have a signed AFE right here.

SHARON HAGY: We have it.

JIM LOVETT: We do.

BILL HARRIS: You do have it.

MARY QUILLEN: They have the AFE signed, yes.

Any other questions from the Board?

(No audible response.)

MARY QUILLEN: You may continue, Mr. Scott.

TIM SCOTT: That's all I have, Madam Chairman.

MARY QUILLEN: Do I hear a motion?

BILL HARRIS: Motion for approval.

BRUCE PRATHER: Second.

MARY QUILLEN: Okay. We have a motion and a second. All in favor, respond by saying yes.

(All members signify by saying yes.)

MARY QUILLEN: Opposed, no.

DONNIE RATLIFF: I'll abstain, Madam Chairman.

MARY QUILLEN: Okay. One abstention, Mr. Ratliff. You have approval.

TIM SCOTT: Thank you.

MARY QUILLEN: The next item on the agenda, number ten, Range Resources-Pine Mountain, Inc. establishment of a drilling unit and pooling of conventional well, docket number VGOB-10-0921-2820.

Those wishing to speak to this item, please come forward and be sworn.

TIM SCOTT: Again, Tim Scott, Gus Jansen and Phil Horn for Range Resources-Pine Mountain, Inc.

MARY QUILLEN: You may continue.

TIM SCOTT: Thank you.

PHIL HORN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, please state your name, by whom you're employed and your job description?

A. My name is Phil Horn. I'm the land manager for Range Resources-Pine Mountain, Inc. and one of my job descriptions is to get wells drilled... cleared and drilled.

Q. In this particular situation, we have...we're seeking to establish the unit and pool the unleased parties, is that right?

A. Yes.

Q. And it's subject to statewide spacing, is that correct?

A. That's correct.

Q. So, the unit contains 112.69 acres, is that also correct?

A. That's correct.

Q. Does Range Resources have drilling rights in this unit?

A. Yes, we do.

Q. And are there any parties respondent that we're going to release today?

A. No, there's not.

Q. Okay. Have you attempted to reach an agreement with those parties listed on Exhibit B-3?

A. Yes, we have.

Q. And as a result of any leasing efforts, what would be the percentage that you have under lease presently?

A. 98.68%.

Q. Now, as far as the notice of this hearing, how was that effected?

A. By certified mail and notice was also published in the Bluefied Daily Telegraph on September the 2nd, 2010.

Q. And we don't have any unknowns in this one, is that right?

A. That's correct.

Q. Okay. Have you filed proof of publication and the mail certification with the Board?

A. Yes, you have.

Q. And, again, is Range Resources authorized to conduct business in the Commonwealth?

A. Yes, they are.

Q. And a blanket bond is presently on file?

A. That's correct.

Q. And if you were to reach an agreement with the parties listed on Exhibit B-3, what would be the terms that would be offered?

A. \$30.00 per acre for a five year paid up lease that provides a one-eighth royalty.

Q. And is that a fair and reasonable compensation for a lease in this area?

A. That's correct.

Q. Okay. What percentage of the oil and gas estate are we seeking to pool?

A. 1.32%.

Q. And, again, we have no escrow requirement, is that right?

A. That's correct.

Q. And you're requesting the Board then to pool these parties listed on Exhibit B-3?

A. Yes, we are.

Q. And if the Board...are you also asking the Board to also designate Range Resources-Pine Mountain as the operator, is that also correct?

A. That is correct.

Q. Now, if the Board grants our application, what would be the address used for any elections made under the terms of the order?

A. Range Resources-Pine Mountain, Inc.,
P. O. Box 2136, Abingdon, Virginia 24212.

Q. Is that the address for all correspondence regarding this unit?

A. Yes, it is.

TIM SCOTT: That's all I have for Mr. Horn.

MARY QUILLEN: Any questions for Mr. Horn from the Board?

BILL HARRIS: Madam Chairman.

MARY QUILLEN: Mr. Harris.

BILL HARRIS: I have a question about an AFE item. It is...and I'm not sure who that would go to, I guess. But item 230 down at the bottom. Actually, there's several 230, but under tangible. The very last one. "Sales line labor/map/road." Could someone explain what that is? I notice that that's on several

of your AFEs and it varies. The other numbers don't vary. This one, I think, is \$13,500.00. The last one actually was almost \$80,000.00. I just wondered what...what constitutes that.

GUS JANSEN: That's the labor, materials and the right-of-way agreement that's maybe involved with that piece of line that would be laid from the well to...get into an actual bigger gathering line. It will vary on the length of the line.

BILL HARRIS: So, it would vary depending on property ownership and agreements. Okay. Thank you.

MARY QUILLEN: Also, on the AFE, I don't have a signed copy. Do you have one?

JIM LOVETT: Yes, we do.

SHARON HAGY: We do.

MARY QUILLEN: You may continue.

TIM SCOTT: Thank you.

GUS JANSEN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, your name, by whom you're

employed and your job description.

A. Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as the manager of geology.

Q. Again, you've helped in preparing this application, is that right?

A. That is correct.

Q. Are you familiar with the total depth of the proposed well?

A. Yes. The proposed depth is 6,285 feet.

Q. And are you also familiar with the estimated reserves of this unit?

A. Yes. The reserves are estimated at 400,000,000 cubic feet of gas.

Q. And you also assisted in the preparation of the AFE, is that right?

A. That is correct.

Q. So, you're familiar with the well cost?

A. Yes, I am.

Q. What's the estimated dry hole cost?

A. \$283,718.00.

Q. And the completed well cost?

A. \$566,487.00.

Q. And that AFE, which was signed, has been provided the Board, is that right?

A. That is correct.

Q. It also includes a charge for supervision, is that right?

A. Yes, it does.

Q. Is that a reasonable figure in your opinion?

A. Yes, it is.

Q. In your opinion, if this application is granted, would it be in the best interest of prevention of waste, promote conservation and protect correlative rights?

A. Yes, it would.

TIM SCOTT: That's all I have for Mr. Jansen.

MARY QUILLEN: Any questions from the Board for Mr. Jansen?

(No audible response.)

MARY QUILLEN: You may continue.

TIM SCOTT: That's all I have, Madam Chairman.

MARY QUILLEN: Do I hear a motion?

BILL HARRIS: Motion for approval.

BRUCE PRATHER: Second.

MARY QUILLEN: We have a motion and a second.
All those in favor, respond by saying yes.

(All members signify by saying yes, but Donnie

Ratliff.)

MARY QUILLEN: Opposed, no.

DONNIE RATLIFF: I'll abstain, Madam Chairman.

MARY QUILLEN: Okay. One abstention, Mr. Ratliff. You have approval. The next item on the agenda, number eleven, Range Resources-Pine Mountain, Inc. establishment of a drilling unit and pooling of a conventional well, docket item number VGOB-10-0921-2821. Those wishing to speak to this item, please come forward.

TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn for Range Resources-Pine Mountain, Inc.

MARY QUILLEN: Okay. You may continue.

TIM SCOTT: Thank you.

PHIL HORN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, one more time, your name, by whom you're employed and your job description.

A. Phil Horn, land manager of Range Resources-Pine Mountain, Inc. and one of my job duties is to get wells cleared and drilled.

Q. And in this particular case, we're seeking to establish the unit and to pool those parties listed on Exhibit B-3, is that right?

A. That's correct.

Q. What is the...how many acres does this unit contain?

A. 112.69.

Q. And what...what percentage are leased...or this unit does Range Resources currently have under lease?

A. 90.25%.

Q. Are we going to dismiss anybody from the application today?

A. No, we're not.

Q. And have you attempted to...the parties listed on Exhibit B-3 is an unknown, is that right?

A. That's correct.

Q. So, we haven't been able to negotiate with that person, is that correct?

A. Right.

Q. Okay. And what...again, what's the percentage under lease?

A. 90.25%.

Q. And how was notice of this hearing

provided?

A. By certified mail and also a notice was published in the Bluefield Daily Telegraph on September the 2nd, 2010.

Q. We've provided that proof to the Board, is that right?

A. That's correct.

Q. Now, as far as the unknown owners are concerned, you've provided a letter to the Board regarding your efforts to locate those individuals, is that correct?

A. That's correct.

Q. Now, have you...is Range Resources authorized to conduct business in the Commonwealth?

A. Yes, we are.

Q. And do you have a blanket bond on file?

A. Yes, we do.

Q. If you're able to reach an agreement with the parties listed on Exhibit B-3, what would the terms that would be offered?

A. It would be \$30.00 per acre for a five year paid up lease that provides a one-eighth royalty.

Q. Okay. Is this a reasonable compensation for a lease in this area?

A. Yes, it is.

Q. And what percentage of the oil and gas estate are you seeking to pool today?

A. 9.75%.

Q. And we've got an escrow requirement, is that right?

A. That's correct.

Q. And what unit...I mean, what tracts in the unit are subjected to escrow?

A. Tract 2.

Q. And, again, the percentage of the unit subject to escrow?

A. 9.75%.

Q. And you're asking the Board to pool those parties, is that correct?

A. That's correct.

Q. And now if you...also, that Range Resources be designated the operator for the unit, is that also correct?

A. That's correct.

Q. Now, if the Board grants our petition today and the parties seek to...and they make an election, what would be the address to which elections should be addressed?

A. Range Resources-Pine Mountain, Inc.,
P. O. Box 2136, Abingdon, Virginia 24212.

Q. Is that going to be the address for all
correspondence regarding this unit?

A. Yes, it is.

TIM SCOTT: That's all I have for Mr. Horn.

MARY QUILLEN: Any questions for Mr. Horn?

(No audible response.)

MARY QUILLEN: Mr. Horn, do you have a signed
Exhibit A plat...the plat?

PHIL HORN: Yes, ma'am. And an AFE signed also.

MARY QUILLEN: And the AFE. Okay, very good.

TIM SCOTT: I'm at a good location.

SHARON PIGEON: Yes, you are.

MARY QUILLEN: You may continue.

TIM SCOTT: Thank you.

GUS JANSEN

having been duly sworn, was examined and testified as
follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, you're name, by whom you're
employed and your job description.

A. My name is Gus Jansen. I'm employed by

Range Resources-Pine Mountain, Inc. as the manager of geology.

Q. Now, you did participate in the preparation of this application, is that correct?

A. That is correct.

Q. Are you familiar with the total depth of the proposed well?

A. Yes. The proposed depth is 5,949 feet.

Q. And what are the estimated reserves of this unit?

A. 375,000,000 cubic feet of gas.

Q. And the proposed...are familiar with the proposed well costs?

A. Yes, I am.

Q. Because you did sign the AFE, is that right?

A. That's correct.

Q. What's the estimated dry hole cost?

A. \$295,695.00.

Q. And the completed well cost?

A. \$582,225.

Q. And we've submitted a signed AFE, is that correct?

A. That is correct.

Q. And you also signed the AFE, is that right?

A. Correct.

Q. And does the AFE include a charge for supervision?

A. Yes, it does.

Q. Was that a reasonable figure in your opinion?

A. Yes, it is.

Q. In your opinion, if this application is granted, would it be in the best interest of conservation, the prevention of waste and protection of correlative rights?

A. Yes, it would.

TIM SCOTT: That's all I have for Mr. Jansen.

MARY QUILLEN: Any questions from the Board for Mr. Jansen?

(No audible response.)

MARY QUILLEN: You may continue.

TIM SCOTT: That's all I have.

MARY QUILLEN: Do I hear a motion?

BILL HARRIS: Motion for approval.

BRUCE PRATHER: Second.

MARY QUILLEN: We have a motion and a second.

Those in favor, please respond by saying yes.

(All members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: You have approval.

TIM SCOTT: Thank you.

PHIL HORN: Thank you.

MARY QUILLEN: We have heard item twelve and item thirteen was withdrawn. So, the next item, number fourteen on the agenda. EQT Production Company for pooling coalbed methane docket item VGOB-10-1019-2829. Those wishing to speak to this item, please come forward and be sworn, please.

JIM KAISER: Madam Chairman, Jim Kaiser and Rita Barrett on behalf of EQT Production.

(Rita Barrett is duly sworn.)

(Exhibits are passed out.)

RITA BARRETT

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Barrett, if you'd state your name for the Board, who you're employed by and in what capacity?

A. Yes. My name is Rita McGlothlin Barrett. I'm employed by EQT Production Company in the Clintwood facility as regional land manager.

Q. And your responsibilities include the land involved here and in the surrounding area?

A. They do.

Q. And this is a unit that has been previously approved for increased density drilling, is that correct?

A. That's correct.

Q. And does Equitable own drilling...and does EQT own drilling rights in the unit involved here?

A. We do.

Q. And prior to the filing of this application, were efforts made to contact each of the respondents owning an interest in the unit and an attempt made to work out a voluntary lease agreement with each?

A. Yes.

Q. What's the interest of EQT in the gas

estate under lease in this unit?

A. 98.92333333%.

Q. And the coal estate?

A. 100%.

Q. Are all unleased parties set out at Exhibit B-3?

A. Yes.

Q. I should say revised Exhibit B-3.

A. Yes. Some parties notified us after they received their packet that their addresses had, in fact, changed. So, we revised their addresses.

Q. So, that's the only revision?

A. That's the only revision.

Q. Okay. So, at this point, 1.07666667% of the gas estate remains unleased?

A. That's correct.

Q. Do we have any unknown and unlocateables in this unit?

A. We do. The heirs of Emory Clyde Presley in Tract 2 are unknown and unlocateable.

Q. Were reasonable and diligent efforts made and sources checked to identify and locate these unknown heirs?

A. Yes.

Q. And in your professional opinion, was due diligence exercised to locate each of the respondents named in the revised Exhibit B?

A. It was.

Q. Are you requiring this...are you requesting this Board to force pool all unleased interest as listed at revised Exhibit B-3?

A. Yes.

Q. Are you familiar with the fair market value of drilling rights in the unit here and in the surrounding area?

A. I am.

Q. Could you advise the Board as to what those are?

A. Yes. \$25.00 per acre for a five year paid up term and a one-eighth royalty.

Q. In your opinion, do the terms that you've just testified to represent the fair market value of and the fair and reasonable compensation to be paid for drilling rights within this unit?

A. Yes.

Q. Now, as to those who remain unleased and are represented on the revised Exhibit B-3, do you recommend that they be allowed the following statutory

options with respect to their ownership interest within the unit: 1) Participation; 2) a cash bonus of \$5.00 dollars paid up per net mineral acre plus a one-eighth of eight-eighths royalty; or 3) in lieu of a cash bonus and one-eighth of eight-eighths royalty share in the operation of the well on a carried basis as a carried operator under the following conditions: Such carried operator shall be entitled to the share of production from the tracts pooled accruing to his or her interest exclusive of any royalty or overriding royalty reserved in any leases, assignments thereof or agreements relating thereto of such tracts, but only after the proceeds applicable to his or her share equal, A) 300% of the share of such costs applicable to the interest of the carried operator of a leased tract or portion thereof; or B) 200% of the share of such costs applicable to the interest of a carried operator of an unleased tract or portion thereof?

A. Yes.

Q. Do you recommend that the order provide that elections by respondents be in writing and sent to the applicant at EQT Production Company, P. O. Box 23536, Pittsburgh, Pennsylvania 15222, Attention: Christy Shannon and/or Alma Tallman?

A. Correct. Yes.

Q. Do you recommend that the pooling order provide that if no written election is properly made by a respondent, then that respondents should be deemed to have elected the cash royalty option in lieu of any participation?

A. Yes.

Q. Should the unleased respondents be given 30 days from the date they receive the recorded Board order to file their written elections?

A. Yes.

Q. If an unleased respondent elects to participate, should they be given 45 days to pay the applicant for their proportionate share of actual well costs?

A. Yes.

Q. Should the applicant be allowed a 120 days following the recordation date of the Board order and thereafter annually on that date until production is achieved, to pay or tender any bonus or delay rental becoming due under the force pooling order?

A. Yes.

Q. Do you recommend that the order provide that if a respondent elects to participate but fails to

their proportionate share of well costs then their election to participate should be treated as haven been withdrawn and void and such respondent should be treated as if no initial election had been filed under the order, in other words, deemed to have leased?

A. Yes.

Q. Do you recommend that where the respondent elects to participates but defaults in regard to payment of actual well costs any cash sum becoming payable to that respondent be paid within 60...paid by the applicant within 60 days after the last date on which that respondent could have made that payment?

A. Yes.

Q. Does the Board need to establish an escrow account for this unit?

A. Yes, we do. A portion of Tract 2.

Q. Is there a split agreement in this unit?

A. There is.

Q. And is that represented in Exhibit EE?

A. It is.

Q. Okay. And is this well inside the interior window of the unit?

A. Yes.

Q. Okay. And who should be named operator

under any force pooling order?

A. EQT Production Company.

Q. What's the total depth of this proposed well?

A. 2,881 feet.

Q. The estimated reserves over the life of the unit?

A. 200,000,000 cubic...I'm sorry, 280,000,000 cubic feet.

Q. Now, has an AFE been reviewed, signed and submitted to the Board as Exhibit C?

A. Yes.

Q. In your opinion, does it represent a reasonable estimate of well costs?

A. It does.

Q. Could you state both the dry hole costs and completed well costs for this well?

A. Yes. The dry hole costs are \$133,752.90. The completed well costs are \$414,498.49.

Q. Do these costs anticipate a multiple completion?

A. Yes.

Q. Does your AFE include a reasonable charge for supervision?

A. It does.

Q. In your professional opinion, would the granting of this application be in the best interest of conservation, the prevention of waste and the protection of correlative rights?

A. Yes.

JIM KAISER: Nothing further of this witness at this time, Madam Chairman.

MARY QUILLEN: Any questions from the Board for Ms. Barrett?

(No audible response.)

MARY QUILLEN: You may continue.

JIM KAISER: We'd ask that the application be approved as submitted with the revised set of exhibits and well work map that we've provided.

MARY QUILLEN: Is there a motion?

BILL HARRIS: Motion for approval.

BRUCE PRATHER: Second.

MARY QUILLEN: We have a motion and a second. All those in favor, respond by saying yes.

(All members signify by saying yes, but Donnie Ratliff.)

MARY QUILLEN: Opposed, no.

DONNIE RATLIFF: I'll abstain, Madam Chairman.

MARY QUILLEN: One abstention, Mr. Ratliff. You have approval.

JIM KAISER: Thank you.

RITA BARRETT: Thank you.

JIM KAISER: Madam Chairman, before you call the next item, with the Board's permission, I would like to ask that we take fifteen, sixteen, seventeen, twenty and twenty-one and call them all together. They're all---

MARY QUILLEN: Fifteen, sixteen, seventeen---

JIM KAISER: Twenty and twenty-one.

MARY QUILLEN: ---twenty and twenty-one.

ownership of the oil, gas and coal is pretty similar. I mean, there's a couple of little differences. Ms. Barrett, can point those out. But the testimony will basically be the same for all five items. So, I think it...if you see fit, it might be a good idea.

MARY QUILLEN: Okay. The next items...I will call all of these items and we will address each one of them. From EQT Production for establishment of a provisional 320 acre horizontal conventional drilling unit, docket item VGOB-10-1019-2830; item number sixteen, establishment of a provisional 320 acre horizontal conventional drilling unit from EQT, docket number VGOB-10-1019-2831; item number seventeen, EQT

Production Company establishment of provisional 320 acre horizontal conventional drilling unit, docket item number VGOB-10-1019-2832; item number eighteen on the agenda, EQT Production Company for establishment of a provisional 480 horizontal conventional drilling unit, docket number VGOB---.

JIM KAISER: No, no, no. Not that one. That's not one that we're consolidating.

MARY QUILLEN: Oh, not eighteen?

JIM KAISER: No, ma'am.

RITA BARRETT: Just the 320s.

MARY QUILLEN: I'm sorry. I'm sorry. My mistake.

JIM KAISER: That's all right. Fifteen, sixteen, seventeen and then twenty and twenty-one.

MARY QUILLEN: Twenty and twenty-one. EQT Production Company, item number twenty, for establishment of a provisional 320 acre horizontal conventional drilling unit, docket number VGOB-10-1019-2835. The next item, number twenty-one on the agenda, EQT Production Company for establishment of a provisional 320 acre horizontal conventional drilling unit, docket number VGOB-10-1019-2836. Thank you. I got on a roll.

JIM KAISER: That's all right.

(Taylor Vactor and Eric Strouth are duly sworn.)

MARY QUILLEN: Okay, we'll start with---.

MARY QUILLEN: Has this gentlemen been sworn as well?

JIM KAISER: Yes, he just was.

MARY QUILLEN: You did? Okay. Okay. I'm sorry. You may continue.

ERIC STROUTH

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Eric, if you could state your name for the Board, who you're employed by and in what capacity?

A. My name is William Eric Strouth. I'm employed by EQT and I work as a landman helping to prepare exhibits for the Board.

Q. Now, the Board has allowed us to combine these five applications to establish these 320 acre provisional units for the purposes of drilling

conventional horizontal wells. Would it be accurate to state that under the statutory notice requirements that all oil, gas and coal owners in all five of these units have been noticed and we have green cards from all five and I'll just go ahead and tell you who the five are since it's...it's Penn Virginia, Engas, Norfolk Southern, Red River and Greater Wise. Would that be a correct statement?

A. Yes, we have.

Q. And have you received any notice or letters of objection to these application from any of those parties?

A. No, I have not.

JIM KAISER: Nothing further of this witness at this time, Madam Chairman.

MARY QUILLEN: Any questions from the Board?

BRUCE PRATHER: I have a question. Do all of these people that you just referred to do they have an interest in all five of these units?

JIM KAISER: No, they are the total---.

BRUCE PRATHER: It's a summation?

JIM KAISER: A summation, exactly.

BRUCE PRATHER: Okay. Okay.

JIM KAISER: Very good. Thank you.

RITA BARRETT: And these are Roaring Fork.

BRUCE PRATHER: Yeah, I can understand. I can look at them.

JIM KAISER: You knew that, didn't you?

BRUCE PRATHER: I knew that. I am familiar with some of these wells.

MARY QUILLEN: You may continue.

TAYLOR VACTOR

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Vactor, would you state your name for the Board, who you're employed by and in what capacity?

A. Taylor Vactor. I work for EQT Production. I'm the lead geologist for the Virginia (inaudible).

Q. And you have testified before the Board on numerous occasions as to the establishment of these provisional units?

A. That is correct.

Q. And you have prepared a package of

information to illustrate your testimony this morning?

A. Yes.

Q. If you'd go through that for the Board at this point.

A. Okay. Let's start on page A. This is the proposal for the horizontal drilling units. We're proposing a 320 acre square unit with dimensions of 3,733 X 3,733 feet. It will have a 5,280 foot diagonal. There will be a 300 foot interior window with a 600 foot standoff on adjacent grid horizontal wellbores. We should be able to drill our surface location outside of the unit so long as production come from within the unit. There will be a minimum of 600 feet between horizontal wellbores and any vertical well producing from that horizon. This will allow for multiple wells and/or laterals for maximum drainage. In some cases, two or more wells may be able to use the same pad due to terrain restrictions.

On page BB, this is a diagram showing the dimensions that were previously discussed.

On page CC, the benefits of horizontal drilling, fewer issues with coal mining. There's less surface disturbance because of less wells. More effective...we're more effectively extracting the

resource. Laterals can reach into areas otherwise inaccessible by vertical wellbores. There's higher depletion rates on the wells and shorter lives to wells. This will encourage the development of the resource.

Q. Let me stop you there. This is the one that we've...I don't know if we've really dealt with this before just to kind of further flush out your testimony. Why would shorter lives to the wells...why would that be important? That would be important to who, the coal estate maybe?

A. To the coal estate and to the royalty owners. They can get their royalties quicker.

Q. Okay.

A. On page DD, this is a map showing where the horizontal units are in comparison to each other that we're seeking establishment of.

On page EE, this is the horizontal unit for item 2830. You can see it outlined in red. These are the existing vertical wells shown on the map. The blue well number is associated with each of the existing vertical wells in the unit.

For 2831, the same sort of diagram. You see the unit outlined in red with existing vertical wells.

On page GG, this is the unit for 2832, the unit

in red and existing wells.

On page HH, this is the unit for item 2835 showing the unit and existing vertical wells.

On page II, this is the unit for 2836 and it shows the existing vertical wells in the area.

MARY QUILLEN: These are...these apply to all of these that we just called, correct?

TAYLOR VACTOR: Yes.

MARY QUILLEN: Okay. Any questions from the Board?

(No audible response.)

MARY QUILLEN: You may continue.

JIM KAISER: Madam Chairman, we'd ask that the applications be approved as submitted.

MARY QUILLEN: Is there a motion?

BILL HARRIS: Motion for approval.

MARY QUILLEN: Is there a second?

KATIE DYE: Second.

MARY QUILLEN: Okay, we have a motion and a second. All in favor, respond by saying yes.

(All members signify by saying yes, but Donnie Ratliff and Bruce Prather.)

MARY QUILLEN: Opposed, no.

BRUCE PRATHER: Abstain.

DONNIE RATLIFF: I'll vote yes, but I need to abstain from item twenty-one.

MARY QUILLEN: Okay.

BILL HARRIS: Madam Chairman, when I made the motion, I wasn't clear if we were doing all of the units that are on the---.

MARY QUILLEN: I believe that was what he asked us to consider.

BILL HARRIS: Is that...yes, okay. That's fine.

MARY QUILLEN: Okay. For item fifteen, we have one abstention from Mr. Prather. From item twenty-one, we have one abstention from Mr. Ratliff. Let's see, Mr. Prather, you're not abstaining from any except fifteen?

BRUCE PRATHER: I'm abstaining from all of them.

MARY QUILLEN: Oh. I'm sorry.

JIM KAISER: He's abstaining from all of them, Mr. Prather. But Mr. Ratliff--.

MARY QUILLEN: Let me clarify, Mr. Prather is abstaining from all of the items that were just called. Mr. Ratliff abstains from item number twenty-one. Was that thoroughly confusing?

SHARON PIGEON: No, we got it.

MARY QUILLEN: Did I get it?

SHARON PIGEON: Absolutely.

MARY QUILLEN: Okay.

SHARON PIGEON: You have approval.

MARY QUILLEN: You have approval.

SHARON PIGEON: Are the vertical wells that you all designated on your handout still producing?

TAYLOR VACTOR: I noticed that one of them looked like it wasn't producing. The ones on EE are. The ones on FF are. It looks like on GG, it's a little hard to read the well number there. But you can see the well symbol on the one furthest to the west that's a little bit different. That means that it's plugged. So, it's not producing.

SHARON PIGEON: So, you think that one is not?

TAYLOR VACTOR: Yeah. And then it looks like all of the other units have producing wells in them.

BRUCE PRATHER: Just one is plugged.

SHARON PIGEON: Thank you.

MARY QUILLEN: The next item on the agenda that we get to item number eighteen...are you calling eighteen and nineteen together or just eighteen?

JIM KAISER: Just eighteen.

MARY QUILLEN: Okay. EQT Production Company establishment of a provisional 480 acre horizontal conventional unit, docket item number VGOB-10-1019-2833.

Those wishing to speak to this item, please come forward and be sworn.

JIM KAISER: Madam Chairman, again, it will be Jim Kaiser, Eric Strouth and Taylor Vactor for EQT. They've been previously sworn.

(Exhibits are passed out.)

MARY QUILLEN: Okay, Mr. Kaiser. You may continue.

JIM KAISER: We'll start with Mr. Strouth.

ERIC STROUTH

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Strouth, is...would it be your testimony that the only coal, oil or gas owner in this unit that we're proposing is Penn Virginia Operating Company?

A. Yes, it would.

Q. And that is important...would it also be your testimony that that's important in this particular

case because we're asking for something other than a "standard 320 acre provisional unit"?

A. Yes.

Q. So, there will be no correlative rights issues? Would that be correct?

A. Yes.

JIM KAISER: Okay. Nothing further of this witness at this time, Madam Chairman.

MARY QUILLEN: Any questions from the Board?

(No audible response.)

MARY QUILLEN: You may continue.

TAYLOR VACTOR

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Vactor, again, I don't guess we have to go into what you do or who you're employed by. We've done that. We know that you're one of the primary drivers of the horizontal drilling program in Virginia for EQT, is that correct?

A. That's correct.

Q. And you've prepared a slightly different package of information for this particular unit because it is something different than what we normally are asking to establish, is that correct?

A. Yes.

Q. And at this time, if you want to, you know, go through that and sort of emphasis why...the reasons why that we're seeking a 480 acre unit versus a 320 here?

A. Sure. Okay, starting page AA, the proposal for the unit is a 480 acre unit as we've discussed. Again, there will be a 300 foot interior window and a 600 foot standoff from adjacent grid horizontal wellbores. We should be able to drill our surface location outside of the unit so long as production comes from within. There will be a minimum of 600 feet between horizontal wellbores and any vertical well producing from that same horizon. This will allow for multiple wells and/or laterals for maximum drainage. In some cases, two or more wells may be able to use the same pad due to terrain restrictions.

On page BB, this is a diagram showing you the dimensions of the 480 acre unit. It's 5,600 feet X 3,733 feet.

On page CC, the benefits of horizontal drilling, fewer issues with coal mining and less surface disturbance. We can more effectively extract the resources. Laterals can reach into areas otherwise inaccessible by vertical wellbores. There's higher depletion wells...higher depletion rates and shorter lives to wells. This will encourage the development of the resource.

On page DD, this is a map showing the unit that we're applying for, as well as other units that are being...that were just approved in red. You can see the unit that we're being...that we're applying for here that is pointed out by the error. It's item 2833. The units that are shown here in green are units that were previously approved and the units that are shown in purple are the units that are currently working and we may sometime in the future seek approval on those as well. As you can see from the map in front of you, the unit itself is butted up against to the north a unit that we just established and it is filling the gap between that unit and the unit to the south of the unit that we're seeking approval for. So....sorry, I'm losing my train of thought here. It's filling in the gap between those two units. You can see if we did

"normal 320 acre unit" there would be a gap between preexisting approved units. So, therefore we have to have the 480 acre unit to not leave any gaps in unitization and not leave any land owners or royalty owners out and to keep correlative rights intact.

Q. So, basically, I think, what your testimony would be then that we've already got it established on the record that the only royalty owner in this 480 acre unit is Penn Virginia. We've already established they're on Board with this and they're okay with this through Mr. Strouth's testimony. So, basically, what you're saying is is we're asking for an odd size provisional unit to square up the rest of the units?

A. Yes. So, there will not be a gap left between the preexisting units.

BRUCE PRATHER: I've got a question. The big...we looked over one of these before. What the problem it presents for Equitable eventually is when these units get out to the perimeter of your property, you're going to have correlative rights problems by drilling these 480s unless this is a correction to take care of the one that you previously drilled.

TAYLOR VACTOR: It...do you want to speak on

that?

RITA BARRETT: Sure. When we get out to the outer perimeter, we know that we're going to have correlative rights issues. That's why we have done setback in this Penn Virginia...in this field.

BRUCE PRATHER: Okay. I mean, if you're correcting that, I'll go along with it---.

RITA BARRETT: Yes.

BRUCE PRATHER: ---if that's what you're doing.

RITA BARRETT: Yes.

BRUCE PRATHER: Okay. Okay.

SHARON PIGEON: This unit to the south here that you're butting up against, what size was that?

TAYLOR VACTOR: A 320 acre unit.

SHARON PIGEON: So, we had 320 coming up moving north and---?

TAYLOR VACTOR: Yes.

SHARON PIGEON: ---then we got to this point?

TAYLOR VACTOR: Exactly. The one that's established to the north of that is 320 acre, as we just discussed.

BILL HARRIS: Madam Chairman.

MARY QUILLEN: Mr. Harris.

BILL HARRIS: I have a question about this 480

also. Tell us about the lateral length that you all have to have to properly drain this.

TAYLOR VACTOR: I'm not exactly sure of the lateral length at the moment. But we could potentially do an extended lateral to fill that in and to properly drain it or we could do multiple wells inside that unit to drain it. But our intention is to properly drain all of the acreage as we see fit.

BILL HARRIS: Yeah. I think we've received testimony before. I'm not sure if it was from you all, but there was sort of an upper limit to...there's not a hard line, upper limit to the length of those.

TAYLOR VACTOR: Yeah. I mean, we've certainly seen issues as we drill these wells out further and further. So, like you said, there's not a hard line, but there certainly is restrictions.

BILL HARRIS: Yeah, I realize this is sort of a makeup unit is what we use to, I guess, call them to make up the space there. But that does introduce, I would think...well, you know, I'm sure you all can probably find some way to work with that to take advantage of that.

TAYLOR VACTOR: Sure.

BILL HARRIS: I was just curious as to what you

would need to drill for that.

JIM KAISER: And, again, to kind of further emphasis that it really is a makeup unit and not an attempt to be able to drill basically a longer lateral. We have filed, and normally it would have been heard this month but since everything is kind of running a month behind, it will be heard hopefully in December. But we have filed an application on the Penn Virginia lease for what we're calling a mega unit that will, you know, hopefully take care of a lot of these different issues. So, hopefully, you'll see that next month.

MARY QUILLEN: Which direction are your laterals going to run?

TAYLOR VACTOR: Typically, they run from southeast to northwest or vice versa. There is some variability within that. But we're essentially trying to intercept natural fractures in the area and to be perpendicular to the way that our induced fracs tend to promulgate in this area based upon regional stresses.

MARY QUILLEN: Any other questions from the Board?

(No audible response.)

MARY QUILLEN: Is there a motion?

DONNIE RATLIFF: Motion to approve, Madam

Chairman.

BILL HARRIS: Second.

MARY QUILLEN: We have a motion and a second.

All those in favor, respond by saying yes.

(All members signify by saying yes, but Bruce Prather.)

MARY QUILLEN: Opposed, no.

BRUCE PRATHER: Abstain.

MARY QUILLEN: One abstention, Mr. Prather. You have approval.

JIM KAISER: Thank you.

RITA BARRETT: Thank you.

MARY QUILLEN: Okay, our next item on the agenda is item number nineteen from EQT Production Company for establishment of a provisional 393.39 acre horizontal conventional drilling unit, docket item number VGOB-10-1019-2834.

JIM KAISER: Madam Chairman, again, Jim Kaiser, Eric Strouth and Taylor Vactor. Rita is passing out a revised plat that includes the surveyors seal. I guess the one that was filed with the application, did not have it.

(Exhibits are passed out.)

JIM KAISER: Mr. Strouth, we'll start with you.

MARY QUILLEN: Okay. You may...yes, Mr. Kaiser.
Sorry.

ERIC STROUTH
having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION
QUESTIONS BY MR. KAISER:

Q. Mr. Strouth, would it be your testimony that all coal, oil and gas owners in this requested unit have been notified of this hearing?

A. Yes.

Q. And in this particular case, all the coal, oil and gas owners would be Penn Virginia Operating and Steinman Development Company?

A. Yes.

Q. And they're aware of this "makeup unit" and the unit that we're trying to establish here?

A. Yes, they are.

Q. And did they file any objections or have any concerns?

A. No, they did not.

JIM KAISER: That's all I have of that witness, Madam Chairman.

MARY QUILLEN: Any questions?

(No audible response.)

MARY QUILLEN: Okay. You may continue.

TAYLOR VACTOR

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Vactor, if you would, again, go through your package and your proposal that you prepared for this well. I don't know that you really need to go back through anything other than the dimensions and why we're asking for...again, why we're asking for something other than a 320 and how this is just another one of the makeup units in this particular area where we've had other odd shaped units approved in the past?

A. Okay. So, starting on page AA, again, this is a 393 acre square unit. I've previously testified to the other parts of the proposal on page AA.

Looking at page BB, this is a diagram showing the dimensions of the 339 acre unit. It will be 3,733 feet X 4,589 feet.

The benefits of horizontal drilling as

previously discussed are on CC.

And looking at DD, this is a map of the localized area where we are seeking approval for the 393 acre unit. You can see it being pointed out from the arrow. It's 200...or 2834 as shown in red. The red unit to the right was previously established today. Shown in green are units that were Board approved prior to today. In purple are units that are currently working. As you can see again, this is a makeup unit. It's filling in the void between preestablished units so that there's not any gaps left between units and there are no correlative rights issues.

Q. And, again, we're just trying to square things to make sure that there is no uncompensated acreage in these units and as we move to the outer edges of this property away or towards the outer edges of our lease or leases, do you agree with Ms. Barrett's testimony that...what they're going to...what the Board is going to see in December is going to be a mega unit or a field that it is going to have in order to protect the correlative rights as we move towards the boundary of the lease that's going to have an established barrier or buffer to it?

A. That is correct.

JIM KAISER: Okay. Thank you. That's all we have at this time, Madam Chairman.

A. I'm sorry, one more. On Page EE---.

JIM KAISER: Or not.

A. ---it's just a diagram or a map zeroed in showing the unit and the existing vertical wells in the area.

MARY QUILLEN: Any questions from the Board?

SHARON PIGEON: Your handout says 393 acre unit. But it's actually 393.39 acres, correct, because that's what we're seeing?

TAYLOR VACTOR: That is correct. I'm sorry. We must have rounded it down.

MARY QUILLEN: Okay. You will submit a corrected exhibit?

TAYLOR VACTOR: We can do that, yes.

MARY QUILLEN: Any other questions?

(No audible response.)

JIM KAISER: We'd ask that the application be approved as submitted with the submission of the corrected Exhibit AA, I guess.

SHARON PIGEON: Uh-huh. AA through EE.

JIM KAISER: AA through EE to be consistent with the application.

MARY QUILLEN: Is there a motion?

DONNIE RATLIFF: Motion to approve, Madam
Chairman.

BILL HARRIS: Second.

MARY QUILLEN: Okay. We have a motion and a
second. Those in favor, respond by saying yes.

(All members signify by saying yes, but Bruce
Prather.)

MARY QUILLEN: Opposed, no.

BRUCE PRATHER: Abstain.

MARY QUILLEN: We have one abstention, Mr.
Prather, and you have approval.

JIM KAISER: Thank you.

RITA BARRETT: Thank you.

MARY QUILLEN: Okay. We'll go ahead. We're
going to break for lunch, but we will go ahead and do
number twenty-two for EQT-.

RITA BARRETT: Thank you.

MARY QUILLEN: ---before we do go to lunch.

JIM KAISER: I've still got to do one for Range.
It's not going to help me.

RITA BARRETT: At least she said we would be
done by lunch.

JIM KAISER: Yeah. They don't care about me.

SHARON PIGEON: That is so true.

(Laughs.)

MARY QUILLEN: Item number twenty-two on the agenda---.

JIM KAISER: (Inaudible.)

RITA BARRETT: Make Jim buy lunch.

MARY QUILLEN: ---EQT Production Company for modification of the Nora Coalbed Gas Field Rules to allow for drilling one additional coalbed gas well, docket item number VGOB-89-0126-0009-71. Those wishing to speak to this item, please come forward and be sworn.

JIM KAISER: Madam Chairman, Jim Kaiser, Eric Strouth and Abby Tomkiewicz. She will need to be sworn at this time.

(Abby Tomkiewicz is duly sworn.)

(Exhibits are passed out.)

ERIC STROUTH

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Okay, Eric, have all parties owning coal, oil or gas in these units that we have applied for

increased density drilling been notified as required by statute?

A. Yes, they have.

Q. And have we received back green cards from everyone that owns an interest?

A. Yes, we have.

Q. And we did have to publish because the Yellow Poplar Lumber Company does have some acreage some of these units, is that correct?

A. Yes.

JIM KAISER: Okay. Nothing further of this witness at this time, Madam Chairman.

MARY QUILLEN: Any questions from the Board?

(No audible response.)

MARY QUILLEN: You may continue.

ABBY TOMKIEWICZ

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Ms. Tomkiewicz, if you'd state your name for the Board, who you're employed by and in what capacity?

A. My name is Abby Tomkiewicz. I'm employed by EQT Production Company and I work as a geologist there.

Q. And have you testified before the Board on other occasions as to why EQT wants to continue to drill these increased density wells?

A. Yes.

Q. And have you prepared a package of information to further illustrate your testimony today?

A. Yes, I have.

Q. Could you go through that for the Board at this point?

A. Sure. This is basically the same pamphlet that we show every time for...when we request our increased density/CBM grids. On the first page AA is just a summary of our drilling. As you can see, it shows 2006 through 2010 and then our totals as of today the number of wells drilled are 181. The cumulative production is 7,243 mmcf and the rate 35 mmcf a day. So, we feel that drilling these increase density wells, the production that we get from it is...makes it worth it.

On BB, we have a graph of the gross volumes. Both of the original wells in blue and then the red

shows the increased density wells. As you can see, drilling increased density wells---.

Q. Is the difference between the blue line and the red line is that the incremental production that you achieve from increased---?

A. Yes, it is.

Q. ---density wells?

A. Yes, drilling increased density wells more adequately drains the reservoir as opposed if we just drilled the original wells.

Then on CC is a map of the Nora Field. In the grey are previously approved infill grids and then the green infill grids in the very northeast of the field are the grids that we would like approval on this month.

If you look to the next page on DD, there's a blown up view so you can see the grid numbers and they will correspond to the grid numbers in the docket packet. That's 77-AP, 78-AP, 79-AP and 80-AP. As of today, we have wells drilled in 78, 79 and 80-AP, but not 77.

That is our packet for this month. Those four wells...those infill or increased density wells that we would like permission to go ahead and drill. We feel that the cost is worth it and we see good results on the

production side.

MARY QUILLEN: I have one question for you, Abby.

ABBY TOMKIEWICZ: Sure.

MARY QUILLEN: In AP-77, you said there is no well currently drilled?

ABBY TOMKIEWICZ: Correct.

MARY QUILLEN: Do you plan to drill---?

ABBY TOMKIEWICZ: Yeah. We'll be drilling the original well in that one and then shortly after at some point we'll drill the infill well. As you can see, we've already been approved. Below we've got infills planned and above we have infills planned. So, we have a pretty good idea that...you know, that's a good area that we want to target. So, that's not a concern for us that we haven't already drilled an original well in that grid. So---.

MARY QUILLEN: And the other three there is already one well?

ABBY TOMKIEWICZ: Uh-huh.

MARY QUILLEN: Any other questions from the Board?

(No audible response.)

MARY QUILLEN: You may continue.

JIM KAISER: We'd ask that the application be approved as submitted, Madam Chairman.

MARY QUILLEN: Is there a motion?

BILL HARRIS: Motion for approval.

DONNIE RATLIFF: Second.

MARY QUILLEN: We have a motion and a second. All in favor, respond by saying yes.

(All members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: Any abstentions?

(No audible response.)

MARY QUILLEN: No abstentions. Okay, good. You have approval.

RITA BARRETT: Thank you.

JIM KAISER: Thank you. Are you sure you don't want to just do one more?

(Laughs.)

RITA BARRETT: He's trying to get out of buying lunch.

BRUCE PRATHER: Have you got one more?

JIM KAISER: No, I don't care about buying lunch. I'll buy your lunch if you let me do it.

BRUCE PRATHER: Where is there one more?

JIM KAISER: It would be the next item. It would be item number twenty-nine.

BRUCE PRATHER: That's Range Resources.

JIM KAISER: You don't have to.

MARY QUILLEN: That's Range Resources.

JIM KAISER: Right. That's one that I've got for them.

BRUCE PRATHER: Oh.

MARY QUILLEN: Oh. Oh.

BRUCE PRATHER: Okay.

MARY QUILLEN: The rest of the Board?

JIM KAISER: You do whatever you want. I don't care really.

BRUCE PRATHER: They've got a whole bunch more.

JIM KAISER: Yeah.

MARY QUILLEN: But---.

JIM KAISER: But they're not mine. They will be Mr. Scott's.

MARY QUILLEN: They're not his.

BRUCE PRATHER: Yeah.

MARY QUILLEN: How does the Board feel about that?

DONNIE RATLIFF: Let's do it.

BILL HARRIS: Let's do it.

MARY QUILLEN: Okay. Let's do number twenty-nine.

JIM KAISER: I appreciate it. I really do.

MARY QUILLEN: You will owe us.

SHARON PIGEON: I didn't vote for that.

JIM KAISER: Well I knew that.

(Laughs.)

SHARON PIGEON: I would make you buy their lunch and then some.

RITA BARRETT: Have a nice Thanksgiving everyone.

SHARON PIGEON: You too.

MARY QUILLEN: The next item number twenty-nine on the agenda, a petition from Range Resources-Pine Mountain, Inc. for a modification of the Nora Coalbed Gas Field Rules to allow one additional coalbed gas well to be drilled within the 58 acre unit, docket number VGOB-89-0126-0009-72. Those wishing to speak to this item, please come forward.

JIM KAISER: Madam Chairman and Board members, Jim Kaiser, Gus Jansen and Phil Horn on behalf of Range Resources. They'll both need to be sworn. No, they won't either.

MARY QUILLEN: Everybody has been sworn, I

believe.

JIM KAISER: They have already been sworn.

MARY QUILLEN: So, you may continue.

JIM KAISER: This is a bit of unusual application. We are seeking to be allowed to drill a second or an increased density well within this unit. In addition, we are seeking to be allowed to drill that additional well...a location exception basically for that additional well in that we are asking that it be...we be allowed to locate it less than 600 feet from the existing well. I'll start with Mr. Horn.

PHIL HORN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Horn, have all...can you state your name, who you're employed by and in what capacity?

A. I'm Phil Horn, land manager for Range Resources-Pine Mountain, Inc.

Q. And this unit and this area is part of your responsibilities?

A. That's correct.

Q. And would it be your testimony that all parties owning an interest in the coal, oil or gas within this unit have been notified of this hearing?

A. That's correct.

Q. And have you received any objection or comment from any of the parties that you notified?

A. No, we have not.

JIM KAISER: Okay. That's all I have of this witness at this time, Madam Chairman.

MARY QUILLEN: Any questions from the Board?

(No audible response.)

MARY QUILLEN: You may continue.

JIM KAISER: Mr. Jansen is going to hand out a package that he has prepared to help with is testimony and his testimony will actually be the key to this application.

(Exhibits are passed out.)

GUS JANSEN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. KAISER:

Q. Mr. Jansen, if you would state your name

for the Board, who you're employed by and in what capacity?

A. My name is Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as the manager of geology.

Q. And do your responsibilities include both the...all phases of Range Resources' drilling in Virginia whether it's conventional verticals, horizontal conventionals or CBM wells?

A. That is correct.

Q. And could you, in conjunction with the package of information that you've prepared for the Board, kind of explain factually and operationally what has happened here and what it is that we're looking for?

A. Yes, I can. I've handed out to the Board a packet of exhibits here. Exhibit AA is basically a summary of what we're here today to do. The first two item, just to reiterate what we're here for, we're asking for the increased density and from the spacing variance from the existing well. The main reason behind all of this is we originally had drilled a horizontal well, 530100, in this unit for a conventional horizontal well. We had drilling issues with that well---.

Q. So, this unit was part of a 320---?

A. Yes.

Q. ---acre conventional unit?

A. Right. The provisional well was part of a 320 acre horizontal well. We had drilling issues while this well was being drilled. We were unable to complete the well at this time. At this point, we have abandoned the well until we go through this process. What our proposal is is to plug back this well with a modification that will be submitted to DGO after we have approval to go forward and a plugging plan will be approved. This will allow us to reasonably salvage a wellbore that we have out there in the field that we think there is...our evaluation have shown that there is a potential to produce the CBM portion of this well. In other words, we will be plugging this back to basically a 7" inch that has already been placed in this well. That's where we are today with that. I can give you all kinds of detail on that if you need it or less detail if you're interested in what wrong with the well.

MARY QUILLEN: Well, I have just one question. There is not currently an CBM well in that?

GUS JANSEN: Yes, there is.

MARY QUILLEN: There is one.

GUS JANSEN: You will see that in the next part of the presentation.

MARY QUILLEN: Okay. But you are going to use that bore that you originally had planned to---.

GUS JANSEN: That we have already drilled and attempt as a horizontal well.

MARY QUILLEN: Okay. Okay, so you're utilizing that---.

GUS JANSEN: We're attempting to use the vertical part of that well.

MARY QUILLEN: ---and not going to be...have any other surface---.

GUS JANSEN: Right.

MARY QUILLEN: ---disturbance because you're using the one you have. Gotcha. Any other questions...any questions for this witness?

BRUCE PRATHER: I've got one question, Madam Chairman.

SHARON PIGEON: I don't think he has finished with his testimony.

BRUCE PRATHER: Oh, okay.

MARY QUILLEN: Oh, I'm sorry. I'm sorry.

GUS JANSEN: That was just the first page.

MARY QUILLEN: I'm sorry.

JIM KAISER: That was just page one.

MARY QUILLEN: I'm sorry.

JIM KAISER: That's all right.

GUS JANSEN: Let me give you a little more details before you move forward.

MARY QUILLEN: Sorry about that.

SHARON PIGEON: I didn't agree to this, remember?

(Laughs.)

GUS JANSEN: I'll be quick hopefully. The next page is Exhibit BB. It's just showing a similar exhibit that you have seen before in the Nora Field showing the existing increased density grids that have been previously reported by...been approved by the Board. You can see the location of the proposed unit that we're taking into question today. It's in the green. The previously approved units are in grey.

Exhibit CC is a blowup of this area just to give you a little more detail, the grid number and those type of things. Again, showing that infills have been approved and the offsetting wells to the east...being to the southeast.

Then finally on Exhibit DD, you can see the location of the wellbores that are existing here that

are impacted by this proposal today. You'll see the location of 530100, which is the location of our horizontal well that was already...we've drilled the well and abandoned it to this point and wish to convert that to a CBM well in unit BE-70. You'll see there's also an existing CBM well in BE-70. There's also an existing CBM well in the unit north in 70-BD. That's the well that we're within the 600 foot spacing limitations with that well. There's also several other CBM wells that are drawn in this general area in the offsetting units as well as infill wells in some of the units that have already been approved to the southeast of this area.

Then the final page is a very similar graph that you just saw that was put in by EQT showing the production from the infill drilling. Again, we've evaluated this area and feel that this is the best use of this wellbore at this point. Again, by drilling an infill well we will increase the fracturing network and put in the gas flow under low pressures so that it will help us with decrease of the dewatering time frame on CBM wells. Increase the recovery factory at a CBM production in this area. It would be achieved a little bit faster and more economical. Again, we don't feel

that there will be any significant impact for the first well production. In general, we see an improvement in the existing well production as infill drilling has been done in the past and that's generally the proposal that we have today.

JIM KAISER: Before we start questions, let me go back to Mr. Horn real quick just for a second, if I could.

PHIL HORN

DIRECT EXAMINATION RESUMES

QUESTIONS BY MR. KAISER:

Q. Mr. Horn, could you explain the coal, oil and gas ownership situation and the correlative rights situation in the area of this unit...in this unit and in the area of this unit?

A. If you look at Gus' exhibit DD, we own a 100% interest. Range Resources owns a 100% interest in unit 70-BE. We own a 100% of 70-BD. We own a 100% of 71-BD and a 100% of 71-BE. As you can see, the well...100 wells in the northeast corner of 70-BE. So, all of that surrounding areas would be all oil and gas and coalbed methane rights.

JIM KAISER: Thank you.

BRUCE PRATHER: That's that 320 that you drilled the horizontal with or tried to?

PHIL HORN: That's part of the 320. Yes, sir.

BRUCE PRATHER: Yeah. Yeah.

MARY QUILLEN: Any other questions from the Board?

BRUCE PRATHER: I've got a question, Madam Chairman. You're drilling these wells pretty close together. But from what I understand on these that when you get interference particularly between frac jobs on these things that you're able to dewater these zones a lot better. In other words,---.

GUS JANSEN: Right.

BRUCE PRATHER: ---you get...consequently even more water you get out the more gas you're going to have.

GUS JANSEN: That's correct.

BRUCE PRATHER: I assume that's the philosophy of what you're doing here. I mean, you are interfering between these other two wells, but it's a intentional.

GUS JANSEN: Right. That is correct. The coalbed methane is a completely different reservoir characteristics than a conventional well formation.

BRUCE PRATHER: Yeah. And when you get more

water out, you get more gas, okay. I was just wanted to make sure that that's what the intent was.

JIM KAISER: Well, also a follow up on Mr. Prather's question because I think it's important, if you weren't trying to salvage something from this wellbore you wouldn't be locating this second well that close to that well.

GUS JANSEN: Probably not in a perfect world.

BRUCE PRATHER: Yeah.

GUS JANSEN: If you've had another topographic location, you would use...you would eventually drill a second well in all of these units as time goes forward as we've shown that that process---.

BRUCE PRATHER: It fits your circumstance---.

GUS JANSEN: Right.

BRUCE PRATHER: ---for what you want it to do.

GUS JANSEN: Right.

BRUCE PRATHER: Okay.

MARY QUILLEN: Any other questions for Mr. Jansen?

(No audible response.)

MARY QUILLEN: You may continue.

JIM KAISER: We'd ask that the application be approved as submitted, Madam Chairman.

MARY QUILLEN: Is there a motion?

BRUCE PRATHER: Motion---.

BILL HARRIS: Motion...go ahead, Bruce.

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

MARY QUILLEN: We have a motion and a second.

All in favor, respond by saying yes.

(All members signify by saying yes, but Donnie Ratliff.)

MARY QUILLEN: Opposed, no.

DONNIE RATLIFF: I'll abstain, Madam Chairman.

MARY QUILLEN: One abstention, Mr. Ratliff. You have approval.

JIM KAISER: Thank you.

PHIL HORN: Thank you.

MARY QUILLEN: And we will break for lunch.

(Break.)

MARY QUILLEN: Okay, we're back on the record. Agenda item number thirty, Range Resources-Pine Mountain, Inc. well location exception for proposed conventional well, docket VGOB-10-1019-2843. All those wishing to speak to this item, please come forward and be sworn.

TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn

for Range Resources-Pine Mountain, Inc.

MARY QUILLEN: Is everybody ready?

(No audible response.)

TIM SCOTT: Thank you.

MARY QUILLEN: Okay, you may proceed.

TIM SCOTT: Thank you.

PHIL HORN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, would you please state your name, by whom you're employed and your job description?

A. My name is Phil Horn. I'm the land manager for Range Resources-Pine Mountain, Inc. and one of my job duties is to get wells permitted and drilled.

Q. Are you familiar with this application?

A. Yes, I am.

Q. Are you also familiar with the ownership of the minerals within this unit?

A. That's correct.

Q. Who owns the oil and gas under this unit?

A. Range Resources-Pine Mountain, Inc. owns 100% of the acres inside this unit.

Q. Who operates V-530157 and P-225?

A. Range Resources operates permitted well 530157 and EQT Production Company operates the P-225 well.

Q. The P-225 you're also a participate in that well, is that correct?

A. That's correct.

Q. Okay. How was notice of this hearing provided?

A. By certified mail.

Q. And that has been provided to the Board, is that correct?

A. That's correct.

TIM SCOTT: That's all I have for Mr. Horn.

MARY QUILLEN: Are there any questions for Mr. Horn from the Board?

(No audible response.)

MARY QUILLEN: You may proceed.

TIM SCOTT: Thank you, ma'am. I have to get my witness back first though.

MARY QUILLEN: Okay.

(Exhibits are passed out.)

DONNIE RATLIFF: We can do without him. We've heard him before.

(Laughs.)

DONNIE RATLIFF: He's going to tell the same story.

GUS JANSEN: It will be a little different.

GUS JANSEN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, would you please state your name, by whom you're employed and your job description?

A. My name is Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as the manager of geology.

Q. And you participated in the preparation of this application, is that correct?

A. That is correct.

Q. Please tell the Board why we're seeking a well location exception today.

A. Once again this well is a little bit different. This is a similar story to what you heard on

530100...little differences to it. The 530231 well, referring to Exhibit AA, you'll see the location of the well, which originally proposed as a Devonian shale/horizontal well. In this case, we were actually able to drill the well to completion, but, however, when we were bringing our drill pipe out of the hole we got hung in the hole probably due to a (inaudible) at some point in the hole. They tried for several days to recover that drill pipe and were unsuccessful in doing that. We got about a 1,000 feet of it out. We ended up abandoning part of the drill stream in the bottom hole assembly in the bottom of the hole. They severed part of the pipe off and recovered what they could. SO, in this case, again, we were not able to complete the wells of horizontal. So, in this case, we evaluated the surrounding formations for another opportunity for a horizontal well in here and also looked at the coalbed again. We sort of settled on that our best opportunity here was to just convert the well into a vertical production well. So, again, we have submitted already at this point to DGO a modification to this permit to convert it to a vertical well. There's a partial plug in play with that again that we'll isolate the vertical part of the well and we will complete the normal

formations like we do in a vertical well. In order to accomplish that, we will need a well exception from the existing well in the area. The one well P-225 is already drilled and completed and producing. The well 530157 is a proposed permitted well that we have not drilled at this point in time. We will go ahead and ask for the exception of both wells since they are technically both approved to be drilled on location. And, again, this is to salvage an existing wellbore on an existing disturbance and to recover what resource we can with this wellbore.

Q. What's the...what's the stranded acreage?

A. In the event the well is not approved, it would be 33 and 1/2 acres of stranded acreage.

Q. And the proposed well depth on this one?

A. 5,550 feet.

Q. And what would be the potential loss of reserves?

A. 250 million cubic feet of gas.

Q. Okay. So, in your opinion, if the application is granted, it would prevent waste, promote conservation and protect correlative rights, is that right?

A. That is correct.

TIM SCOTT: That is all I have for Mr. Jansen.

MARY QUILLEN: Any questions from the Board for Mr. Jansen?

BRUCE PRATHER: I've got one question, Madam Chairman.

MARY QUILLEN: Mr. Prather.

BRUCE PRATHER: Is your 530157 going to be a horizontal well?

GUS JANSEN: No, it's a proposed...it's permitted as a vertical well at this time.

BRUCE PRATHER: As a vertical well, okay.

GUS JANSEN: Yes.

BRUCE PRATHER: Okay. Another thing, I also assume that where you got stuck is below your 7 inch?

GUS JANSEN: Correct. It was in the lateral part.

BRUCE PRATHER: And so you're able to---.

GUS JANSEN: We were only able to recover approximately a 1,000 foot of drill pipe when we pulled back.

BRUCE PRATHER: Yeah.

GUS JANSEN: So...then we severed that and pulled out another 6,000 to 7,000 feet. So, there was

about 2,000 foot laying in the horizontal part of the well.

BRUCE PRATHER: Oh, okay. So, you've got the seven inch is what you want to recomplete in?

GUS JANSEN: Right. That and down into...we'll actually run 4 and 1/2 down into the TD at 5500?

BRUCE PRATHER: Oh, you did. Oh, okay.

GUS JANSEN: Yeah, we were able to recover that part of the drilling pipe.

BRUCE PRATHER: Oh, okay. Okay. That makes sense.

MARY QUILLEN: Any other questions for Mr. Jansen?

(No audible response.)

MARY QUILLEN: You may proceed.

TIM SCOTT: That's all I have, Madam Chairman.

MARY QUILLEN: Do I hear a motion?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

MARY QUILLEN: We have a motion and a second. All in favor, respond by saying yes.

(All members signify by saying yes, but Donnie Ratliff.)

MARY QUILLEN: Opposed, no.

DONNIE RATLIFF: I'll abstain, Madam Chairman.

MARY QUILLEN: One abstention. You have approval.

TIM SCOTT: Thank you, ma'am.

(Exhibits are passed out.)

MARY QUILLEN: The next item on the agenda is item number thirty-one, a petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed conventional gas well, docket item number VGOB-10-1019-2844. Those wishing to speak to this item, please come forward and be sworn.

TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn for Range Resources-Pine Mountain, Inc.

MARY QUILLEN: You may proceed.

TIM SCOTT: Thank you.

PHIL HORN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, again, your name, by whom you're employed and your job description.

A. Phil Horn, land manager for Range

Resources-Pine Mountain, Inc. and one of my job descriptions is to get wells drilled.

Q. And you're familiar with this application?

A. Yes, I am.

Q. Now, we've provided...we've sent out revised applications and an Exhibit A, is that correct?

A. That's correct.

Q. Can you tell the Board why we did that?

A. The original application had the wrong distance to the wells on Exhibit A. I've got two more of these. I just want to let you know that our surveyors got confused and we've got a...this is not going to happen to everybody as much as it has today. They were using a wrong map trying to show the reciprocal distances. We caught it here beforehand.

Q. And those were sent out according, is that right?

A. That's correct.

Q. Okay. You're familiar with the acreage of ownership, are you not?

A. Yes, I am.

Q. Okay. Who owns the oil and gas under this unit?

A. We own all of the oil and gas in this unit except for Tract 2 and that's owned by McKinley Stanley.

Q. Okay. Who operates P-80, P-122 and P-65?

A. EQT Production Company.

Q. And you also participate in the operation of those wells, is that correct?

A. That's correct.

Q. And how was notice of this hearing sent out?

A. By certified mail.

Q. And we did that twice, is that correct?

A. That's correct.

Q. And those proof of mailing have been provided to the Board, is that right?

A. Yes, they have.

TIM SCOTT: Okay. That's all I have for Mr. Jansen.

MARY QUILLEN: Any questions from the Board for Mr. Jansen?

SHARON PIGEON: For Mr. Horn.

MARY QUILLEN: Oh, I'm sorry, for Mr. Horn?

PHIL HORN: That's okay.

MARY QUILLEN: I'm sorry.

SHARON PIGEON: It was Tim. He started that.

(Laughs.)

MARY QUILLEN: For Mr. Horn?

TIM SCOTT: Sorry.

MARY QUILLEN: You may proceed.

TIM SCOTT: Thank you.

GUS JANSEN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, your name, by whom you're employed and your job description, please.

A. My name is Gus Jansen. I'm employed by Range Resources-Pine Mountain, Inc. as the manager of geology.

Q. And you're familiar with this application?

A. Yes, I am.

Q. Can you tell the Board why we're seeking the well location exception for this particular unit?

A. Yes. If the Board will refer to Exhibit

AA, you'll see the location of proposed well 530298. Now, we're back into a normal flow of location exception. This proposed vertical well is located in amongst these other three offsetting wells and there is no legal location that we can get to recover the stranded acreage in this area, which is approximately 96.84 acres.

Q. And what's the proposed depth of this well?

A. 5,514 feet.

Q. And the potential loss of reserves if the application is not granted?

A. 425,000,000 cubic feet of gas.

Q. And in your opinion if the application, it would prevent waste, promote conservation and protect correlative rights, is that correct?

A. That is correct.

TIM SCOTT: Okay. That's all I have for Mr. Jansen.

MARY QUILLEN: Any questions from the Board for Mr. Jansen now?

TIM SCOTT: Mr. Jourcing.

MARY QUILLEN: Mr. Jourcing.

SHARON PIGEON: Whoever this one is.

(Laughs.)

MARY QUILLEN: You may proceed.

TIM SCOTT: That's all I have, Madam Chairman.

MARY QUILLEN: Is there a motion?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

MARY QUILLEN: We have a motion and a second.
All those in favor, respond by saying yes.

(All members signify by saying yes, but Donnie Ratliff.)

MARY QUILLEN: Opposed, no.

DONNIE RATLIFF: I'll abstain, Madam Chairman.

MARY QUILLEN: One abstention, Mr. Ratliff. You
have approval.

TIM SCOTT: Thank you, ma'am.

(Exhibits are passed out.)

MARY QUILLEN: Okay, the next item is on the
agenda as number thirty-two from Range Resources-Pine
Mountain, Inc. for well location exception for proposed
conventional gas well, docket number VGOB-10-1019-2845.
Those wishing to speak to this item, please come forward
and be sworn.

TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn
for Range Resources-Pine Mountain, Inc.

MARY QUILLEN: Okay, you may proceed.

TIM SCOTT: Thank you, ma'am.

PHIL HORN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, again, your name, by whom you're employed and your job description?

A. Phil Horn, Range Resources-Pine Mountain, Inc. as land manager. One of my job descriptions is to get wells ready to be drilled.

Q. And you're familiar with this application?

A. Yes, I am.

Q. Again, we've provided or filed a revised application and an Exhibit A, is that right?

A. That's correct.

Q. (Inaudible) did that?

A. We had the wrong...we corrected the distances on the first application.

Q. Now, as far as the notices of this hearing, those were sent out both times, correct?

A. That's correct.

Q. The original application and the revised. Are you familiar with the ownership under this unit?

A. Yes, I am.

Q. And who owns the oil and gas?

A. Range Resources-Pine Mountain, Inc. owns 100% of the oil and gas in this unit.

Q. And who operates P-93 and P-80?

A. EQT Production Company.

Q. And you all participate in that operation of those wells?

A. We also own interest in those wells.

Q. Okay. So, the notice of mailing...proof of mailing we've provided that to the Board, is that correct?

A. Yes, you have.

TIM SCOTT: That's all I have for Mr. Jansen...or Mr. Horn. I'm sorry. You're going to get

me doing that.

(Laughs.)

SHARON PIGEON: We have it on the record now.

(Laughs.)

TIM SCOTT: I'm sorry.

MARY QUILLEN: Any questions from the Board---?

BRUCE PRATHER: Madam Chairman---.

MARY QUILLEN: ---for Mr. Horn?

BRUCE PRATHER: ---I've got a question. Phil, what about this VC-551020? I'm not too sure that the Foundation that I work for doesn't have an interest in that coalbed methane well?

PHIL HORN: That...this up on our oil and gas and kind of north of Caney Ridge, right in the edge of Wise County and---.

BRUCE PRATHER: Right.

PHIL HORN: I...I don't think it's Roaring Fork acreage, but I don't know what Equitable has done as far as letting you all in on the wells.

BRUCE PRATHER: I think what the deal is on that, I think that the people that have the CBM in here, I think would be ourselves plus George Williams and that Hagen down in Florida. I'm pretty sure we've got an interest that coalbed methane. We don't have any in the

rest of it.

PHIL HORN: I wouldn't know about that.

BRUCE PRATHER: Okay. I'm going to recuse myself because I think we do.

PHIL HORN: Yes, sir.

MARY QUILLEN: Any other questions for Mr. Horn?

BILL HARRIS: Let me just ask. This is general information. I notice some of these plats have a diagonal line through them. Could you tell me what the...when I say plats, I'm sorry, the Exhibit AA?

PHIL HORN: Oh, that's the county line between Wise County and Dickenson County. Yes, sir.

BILL HARRIS: Okay. Okay. Thank you.

MARY QUILLEN: Any other questions?

(No audible response.)

MARY QUILLEN: You may proceed.

GUS JANSEN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, would you please state your name, by whom you're employed and your job description.

A. Yes. My name is Gus Jansen, employed by Range Resources-Pine Mountain, Inc. as the manager of geology.

Q. Are you familiar with this application?

A. Yes, I am.

Q. Please tell the Board why we're seeking a well location exception today.

A. Yes. Referring to Exhibit A, you'll see the location of proposed well 530287 that is outlined in red and has some stippling green in the area. Again, this location of this well, there is no legal location without being a location exception to one of the offsetting wells. In the case, we wouldn't be able to drill this well there would be 105.39 stranded acres left behind.

Q. What about the proposed depth of this well?

A. The proposed depth is 5,595 feet.

Q. And what's the potential loss of reserves if this application were not granted today?

A. 350,000,000 cubic feet of gas.

Q. And in your opinion, if the application is granted, then it will prevent waste, promote conservation and protect correlative rights, is that

correct?

A. That is correct.

TIM SCOTT: That's all I have for Mr. Jansen.

MARY QUILLEN: Any questions for Mr. Jansen from the Board?

(No audible response.)

MARY QUILLEN: You may proceed.

TIM SCOTT: That's I have, Madam Chairman.

MARY QUILLEN: Do I hear a motion?

BILL HARRIS: Motion for approval.

MARY QUILLEN: A second?

KATIE DYE: Second.

MARY QUILLEN: We have a motion and a second. All those in favor, respond by saying yes.

(All members signify by saying yes, but Bruce Prather and Donnie Ratliff.)

MARY QUILLEN: Opposed, no.

DONNIE RATLIFF: I'll abstain.

BRUCE PRATHER: Abstain.

MARY QUILLEN: Okay. Two abstentions, Mr. Ratliff and Mr. Prather. You have approval.

TIM SCOTT: Thank you, ma'am.

(Exhibits are passed out.)

MARY QUILLEN: The next item on the agenda, item

number thirty-three, a petition from Range Resources-Pine Mountain, Inc. for a well location exception for a proposed conventional well, docket number VGOB-10-1019-2846. All those wishing to speak to this item, please come forward and be sworn.

TIM SCOTT: Tim Scott, Gus Jansen and Phi Horn for Range Resources-Pine Mountain, Inc.

MARY QUILLEN: You may proceed.

TIM SCOTT: Thank you, ma'am.

PHIL HORN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, you're name, by whom you're employed and your job description.

A. Phil Horn, land manager, Range Resources-Pine Mountain, Inc. and one of my job descriptions is to stay in front of the drilling rigs

and get the wells drilled.

Q. And are you familiar with this application?

A. Yes, I am.

Q. And have we filed a revised application and a revised Exhibit A?

A. The same scenario as the last two. Yes, the surveyors put the wrong distances to the wells on the original application.

Q. And then, of course, they're correct now, is that right?

A. That's correct.

Q. And then we've sent this notice...or sent the revised application out following the original filing, is that correct?

A. That's right.

Q. Okay. Who owns the oil and gas under this unit?

A. Range Resources-Pine Mountain, Inc. owns 100% of the oil and gas in this unit.

Q. And who operates V-536725 and 535857?

A. EQT Production Company and we also own an interest in those wells.

Q. Okay. How was notice provided of this

hearing?

A. By certified mail.

Q. And those proofs of mailing have been filed with the Board, is that right?

A. That's correct.

TIM SCOTT: Okay. That's all I have for Mr. Horn.

MARY QUILLEN: Any questions for Mr. Horn from the Board?

(No audible response.)

MARY QUILLEN: You may proceed.

TIM SCOTT: Thank you, ma'am.

GUS JANSEN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, your name, by whom you're employed and your job description.

A. My name is Gus Jansen, employed by Range

Resources-Pine Mountain, Inc. as the manager of geology.

Q. Are you familiar with this application?

A. Yes, I am.

Q. Please tell the Board why we're seeking the well location exception today.

A. Yes. Again, if the Board would refer to Exhibit AA, you'll see the location of proposed well 530197. It's the well outlined in red with the green stippled area. This well has been positioned at this location due to terrain...terrain restraints. In order to get the well location in another suitable location would require us to move the well either to the west or to the north, which would again result in additional stranded acreage. We feel this is the best way to optimize the well location to recover the maximum amount of resources.

Q. What's the potential lost acreage here, stranded acreage?

A. It's 107.21 acres.

Q. And what's the proposed depth of this well?

A. 5,316 feet.

Q. And the potential loss of reserves?

A. 350,000,000 cubic feet of gas.

Q. If this application is approved, it will prevent waste, promote conservation and protect the correlative rights, is that correct?

A. That is correct.

TIM SCOTT: That's all I have for Mr. Jansen.

MARY QUILLEN: Any questions for Mr. Jansen from the Board?

(No audible response.)

MARY QUILLEN: You may proceed.

TIM SCOTT: That's all I have, Madam Chairman.

MARY QUILLEN: Do I hear a motion?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

MARY QUILLEN: We have a motion and a second. All those in favor, respond by saying yes.

(All members signify by saying yes, but Donnie Ratliff.)

MARY QUILLEN: Opposed, no.

DONNIE RATLIFF: I'll abstain, Madam Chairman.

MARY QUILLEN: One abstention, Mr. Ratliff. You have approval.

TIM SCOTT: Thank you, ma'am.

PHIL HORN: Thank you.

MARY QUILLEN: Okay. The next item on the

agenda, number thirty-four, a petition from Range Resources-Pine Mountain, Inc. for a well location for proposed conventional well, docket number VGOB-10-1019-2847. All those wishing to speak to this item, please come forward and be sworn, please.

TIM SCOTT: Tim Scott, Gus Jansen and Phil Horn for Range Resources-Pine Mountain, Inc.

MARY QUILLEN: You may continue.

TIM SCOTT: Thank you.

PHIL HORN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Horn, one more time, your name, by whom you're employed and your job description.

A. Phil Horn, land manager for Range Resources-Pine Mountain, Inc. and one of my job duties is get wells permitted and drilled.

Q. Are you familiar with this application?

A. Yes, I am.

Q. Are you familiar with the ownership of the minerals underlying this tract?

A. Yes, I am.

Q. And who owns the oil and gas underlying this unit?

A. Range Resources-Pine Mountain, Inc. owns 100% of the oil and gas under this tract.

Q. Who operates well P-250?

A. EQT Production Company.

Q. Do you also participate in the operation of that well?

A. We also own the interest in that well.

Q. Okay. So, as far as the notice of this hearing was effected, how was that done?

A. By certified mail.

Q. And we've provided proof of mailing to the Board, is that right?

A. Yes, you have.

TIM SCOTT: Okay. That's all I have for Mr. Horn.

MARY QUILLEN: Any questions from the Board for Mr. Horn?

(No audible response.)

MARY QUILLEN: You may proceed.

TIM SCOTT: Thank you.

GUS JANSEN

having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

QUESTIONS BY MR. SCOTT:

Q. Mr. Jansen, your name, by whom you're employed and your job description.

A. Gus Jansen, employed by Range Resources-Pine Mountain, Inc. as the manager of geology.

Q. Are you familiar with this application?

A. Yes, I am.

Q. And would you please tell the Board why we're seeking a well location exception for this particular unit today?

A. Yes. Referring to Exhibit AA, you'll see the location of well 530293. It's the well outlined in red with the green stippled area. Again, this location has been chosen due to topographic constraints. In order to get a suitable and legal location, we'd have to move the well...well to the south probably over 1200 feet, which will result in additional stranded acreage. In this case, if we're not able to drill at this location, we would have 110.41 acres of stranded acreage.

Q. Are you familiar with the depth of this well...the proposed depth?

A. Yes, I am. 6,433 feet.

Q. And what's the potential loss of reserves?

A. 350,000,000 cubic feet of gas.

Q. So, if this application was...is granted today, it would prevent waste, promote conservation and protect correlative rights, is that correct?

A. That is correct.

TIM SCOTT: That's all I have for Mr. Jansen.

MARY QUILLEN: Any questions for Mr. Jansen from the Board?

(No audible response.)

MARY QUILLEN: You may proceed.

TIM SCOTT: That's all I have, Madam Chairman.

MARY QUILLEN: Do I hear a motion?

BRUCE PRATHER: Motion to approve.

BILL HARRIS: Second.

MARY QUILLEN: We have a motion and a second. All those in favor, respond by saying yes.

(All members signify by saying yes, but Donnie Ratliff.)

MARY QUILLEN: Opposed, no.

DONNIE RATLIFF: I'll abstain, Madam Chairman.

MARY QUILLEN: One abstention, Mr. Ratliff. You have approval.

TIM SCOTT: Thank you.

GUS JANSEN: Thank you.

PHIL HORN: Thank you very much. See you all next month.

MARY QUILLEN: Okay. The next item on the agenda, number thirty-five, the Board will receive an update from the staff regarding escrow activities. Who's going to present that?

JIM LOVETT: Yes, ma'am. My name is Jim Lovett, employed with the Division of Gas and Oil. I will be reporting for David Asbury, who is not here with us today. I've given you a summary spreadsheet showing the escrow account through August the 31st. This information is consistent with the detailed accounting provided by First Bank & Trust this morning. I want to make particular attention or note, the disbursements have reached 1.15 million dollars for the year. Our carried forward balance...ending balance is 26.27 million dollars at this point.

MARY QUILLEN: Very good. Any questions about the report?

(No audible response.)

MARY QUILLEN: Thank you.

JIM LOVETT: Yes, ma'am.

MARY QUILLEN: The last item on the agenda, number thirty-six, are the minutes. We need approval for the October 19 Board hearing minutes. Do I hear a motion?

DONNIE RATLIFF: So moved, Madam Chairman.

BRUCE PRATHER: Second.

MARY QUILLEN: We have a motion and a second. All in favor of accepting the minutes as presented, respond by saying yes.

(All members signify by saying yes.)

MARY QUILLEN: Opposed, no.

(No audible response.)

MARY QUILLEN: Okay. The minutes are approved. Thank you very much.

STATE OF VIRGINIA:

COUNTY OF BUCHANAN:

I, Sonya Michelle Brown, Court Reporter and Notary Public for the State of Virginia, do hereby certify that the foregoing hearing was recorded by me on a tape recording machine and later transcribed under my supervision.

Given under my hand and seal on this the 3rd day of December, 2010.

NOTARY PUBLIC

My commission expires: August 31, 2013.